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OUR REPORTER'S REPORT

As had been anticipated the return to their regular pursuits of investment bankers, who had been devoting their full time in recent weeks to the Treasury's Second Victory Bond Drive, has reflected in a pickup of activity among underwriting firms.

Whereas a week ago there was little to indicate that the impending competitive sale of the Public Service Company of Indiana refunders would attract more than a single bid, next Monday, the picture is now changed.

Now there are growing indications of real competition developing for this issue which will be one of the largest utility undertakings since the turn of the year, involving as it does $38,000,000 of new first mortgage bonds.

Among those who have been looking the situation over with respect to this particular issue and seeking to calculate the probable basis on which it will be sold, there has been plenty of activity, since it is the first offering in quite a while.

The consensus seems to be that the bonds probably will go at a price to indicate a yield of somewhere between 3.10 and

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Pennsylvania Corporates-Municipals

Special section devoted exclusively to Pennsylvania corporate and municipal securities and brevities starts on page 1162.

Federal Taxes and Utility Earnings

By ERNEST R. ABRAMS

Some of you may recall that approximately a year ago, in the "Financial Chronicle" of May 7, this writer discussed certain phases of the 1942 Revenue Act, then pending before Congress, under the title of "The Myth Of Excess Profits In The Electric Utility Field." In it, he sought to show that public regulation of operating utilities, instituted by two States nearly 46 years ago, and since adopted by the District of Columbia and every State in the Union but Delaware, has for its primary objective such control over rates that no more than a fair return can be earned on the value of utility property devoted to service of the public. And where, in isolated instances, a utility does earn more than the allowable rate of return, rate reductions quickly are instituted to bring earnings into line with prescribed maximums. Under these conditions, excess profits cannot exist in the field of public service.

The Secretary of the Treasury, moreover, told Congress, on March 3, 1942:

> A substantial share of the increased corporation tax should fall on excess profits. Taxes paid from such profits have less disrupting effects on business than taxes which are generally applicable to all corporate earnings irrespective of the rate of return. A tax which absorbs excess profits still leaves the corporate taxpayer with a sufficient margin of income for dividends and safety. . . . At a time like this, I am confident that incorporated business will willingly pay additional taxes which will, after all, leave it in the aggregate about the same amount of income after taxes as during the years before 1940.

The recommendations of the Secretary, unfortunately, did not follow the policy outlined in his statement, nor did Congress pay them much heed in writing and adopting the 1942 Revenue Act. For one thing, the need of vastly expanded Federal revenue was great in that year. And, for another, all members of the House and a third of the Senate had to stand for re-election in November. So Congress took the easiest way out. Following the practice pursued in creating the 1941 Revenue Act, it continued the expedient of assessing excess profits taxes on any increase in earnings over the 1936-1939 average in advance of normal taxes.

To be sure, it ironed out some of the inequities of the 1941 Act, but it still made possible the siphoning off of a much greater proportion of corporate earnings, particularly

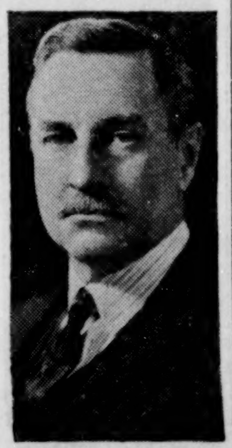
(Continued on page 1670)

"Free Dollar" Urged As Alternative To Treasury And Keynes Proposals

Aldrich Sees Dollar Anchorage For World Currencies

The suggestion that a "free dollar" be established in the postwar world was offered on April 29 by Winthrop W. Aldrich as an alternative to the two plans recently proposed in tentative form, viz, that of the United States Treasury and the British or Keynes plan. Mr. Aldrich, Chairman of the Board of the Chase National Bank of New York, in presenting his views, said:

"At the end of the war this country can render its greatest contribution to world recovery by checking domestic inflationary forces, by resuming gold payments, and by removing all foreign exchange controls. If these policies were followed, the dollar would constitute a sure anchorage for the currencies of other nations and would become a generally acceptable international medium of exchange."


W. W. Aldrich

The address of Mr. Aldrich was a feature of the International Luncheon on April 29 of the Chamber of Commerce of the United States at its annual meeting at the Waldorf-Astoria Hotel in New York. The remarks of Mr. Aldrich were devoted to the two recently announced plans as to which he noted that the one proposed by the United States Treasury (attributed to Henry D. White, an Assistant to Secretary Morgenthau) calls for the establishment of a United and Associated Nations Stabilization Fund, while the British proposal calls for the establishment of an International Clearing Union. The latter was referred to in our issue of April 15, page 1388, while details of the Treasury plan appeared in these columns April 8, pages 1300 and 1305. The general purposes, the similarities and differences of the two plans were pointed out by Mr. Aldrich, who observed that "an important difference in the two plans consists in the fact that the American Fund would actually possess assets contributed on a pro-rata basis by member nations. The British Clearing Union would not possess assets at its organization but would allow member nations to build up credit or debt balances to certain prescribed limits and subject to certain conditions."

Mr. Aldrich in his concluding remarks, stated that "an impor-

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Hemingway Announces ABA Will Present Plan For World Currency Stabilization

Declares World Currencies Must Be Fastened To Gold

That there is to be developed a currency stabilization plan by the American Bankers' Association was made known by W. L. Hemingway, President of the ABA, before the convention of the Mexican Bankers' Association at Chihuahua, Mex., on May 3, who stated that "already the English plan of Lord Keynes and the American plan of Mr. White have been published and are being studied." "On one thing," said Mr. Hemingway, "I think I may say we are already in unanimous agreement, and that is that the re-established currencies of the world must be firmly fastened to gold." Mr. Hemingway, who is President of the Mercantile-Commerce Bank & Trust Co. of St. Louis, Mo., had for his subject "South of the Border," and in his comments he said:

W. L. Hemingway

"Everywhere there is a growing feeling that the destinies of the 21 republics are linked together. However great may have been the differences in our origins and our cultures, we are neighbors in the new world, and now with the development of new means of transportation, we can become truly helpful each to the other. When the great struggle in which we are now engaged is over, there will be another opportunity for each of us to improve its own economy by developing a greater exchange of goods between ourselves. In this way we can build an Inter-American trade that will contribute to the prosperity of us all in time of peace, and to our strength in time of war. Let us not permit that opportunity to slip from our grasp, but rather let us seize and develop it as partners, that it may always be a fixed and permanent part of the foreign policy of each of our

(Continued on page 1676)

Asks Congress For Provision To Set Aside Reserves Before Taxes For Peacetime

Glenn L. Martin, President of The Glenn L. Martin Co., said in an interview on April 28 at Omaha, Neb., that unless Congress makes some provision so industry can set aside reserves before taxes, for reconversion to peacetime operations, American industry is threatened with collapse after the war. An Associated Press dispatch from Omaha, on April 28, from which the above was taken, also gave other remarks of Mr. Martin as follows:

Glenn L. Martin

"The people," he said, "have been looking to a backlog of civilian needs—for cars, for refrigerators, for hundreds of other things—to take up the slack when war production ends. But the fact is that many industries have no money to reconvert to make these things; their reserves are going to the Government in taxes.

"It will be too late when the war is over for Congress to act. First of all, it takes time to get any such bill through Congress—precious time. Second, any relief then would have to take the form of giving back to industry some of the money it has paid in taxes, and that would be difficult."

Declaring that "nobody wants to make money out of reconversion," Mr. Martin suggested that money to make reconversion possible could be set up in a special account, to be used for no other purpose.

"And finally, when the job is done," he continued, "the Government could send in accountants to see how much was spent. If the whole amount was not needed, whatever was left could be paid to the Government."

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R. C. Chapman Joins McDonald-Coolidge Co.

CLEVELAND, OHIO — R. C. Chapman, municipal securities analyst for the National City Bank of Cleveland for the past eight years, has become associated with the municipal bond department of McDonald-Coolidge & Co., Union Commerce Building, members of the Cleveland Stock Exchange.

Before joining the National City Bank in 1927, Mr. Chapman served for eight years as financial clerk for the Board of County Commissioners of Cuyahoga County. He is a member of the Cleveland School Board Sinking Fund Commission, and is trustee and secretary-treasurer of the Ohio Municipal Advisory Council. He recently was on loan for several months as secretary of Area 1 of the Fourth Federal Reserve District in the first Victory Fund drive.

Wells-Dickey Inc. Is Formed In Mpls.

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN. — Wells-Dickey, Incorporated, has been formed with offices in the Metropolitan Bank Building. Officers are: Stuart W. Wells, previously President of Wells-Dickey Co., President; Stuart Wells Jr., formerly of the Dayton Co., Secretary-Treasurer, and Edward P. Wells, previously with the Northwestern National Bank, Vice-President.

Sholts & Basing With Gardner F. Dalton Co.

(Special to The Financial Chronicle)

MILWAUKEE, WIS.—Budd L. Sholts and Mr. Myrtle M. Basing have become associated with Gardner F. Dalton & Co., First Wisconsin National Bank Building. Mr. Sholts was formerly proprietor of the Sholts Investment Co. Mr. Basing was with Carl S. McKee, and prior thereto was with Dalton, Riley & Co.

J. L. Barth Co. Resumes

(Special to The Financial Chronicle)

CINCINNATI, OHIO—The J. L. Barth Co. is resuming its activities as dealer in investment securities from offices in the Dixie Terminal Building. Officers of the firm are: John L. Barth, President and Treasurer; M. A. Barth, Vice-President, and B. J. Munninghoff, Secretary.

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J. R. Timmins Co. To Admit Conway, McCabe

On May 13, John J. Conway and Vincent J. McCabe will be admitted to partnership in J. R. Timmins & Co., 61 Broadway, New York City, members of the New York and Toronto Stock Exchanges and the Montreal Curb Market. Mr. Conway has been associated with the firm in New York City for many years. Mr. McCabe has been Manager of the firm's Toronto office, 350 Bay Street.

B. F. Troxell With Hornblower & Weeks

CHICAGO, ILL.—Benjamin F. Troxell has become associated with Hornblower & Weeks, 39 S. La Salle Street. Mr. Troxell for the past 10 years has been Vice-President of Sills, Troxell & Minton.

Now Walter Benjar & Co.

Walter Benjar is now doing business as Walter Benjar & Co. from offices at 30 Pine Street, New York City, in partnership with E. Benjar. Mr. Benjar has been doing business as an individual dealer, and prior thereto was a partner in W. L. Ertinger & Co.

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We realize that the tremendous pressure of current events makes it extremely difficult for most of us to look or even try to look too far ahead. But our firm conviction is that the world, with this land as leader, will once more emerge from these trying times to a better life than ever before and that the new fields of chemistry, plastics and electronics will be great factors in that advance. Steel, the railroads, oil, the automobile and many other industries have in their turn provided the new outlet for man's imagination and energy. The comparative infancy of plastics and electronics might well develop into maturity on an even greater scale than any of the others.—*Geo. Eustis & Co.*

With most of our force during the month of April actively engaged in the Second War Loan drive, little attention has been given to placing Municipals, which however, because of the abundance of funds and present freedom from income

(Continued on page 1676)

Barrett Herrick Opens New St. Louis Branch

ST. LOUIS, MO.—Barrett Herrick & Co., Inc., has opened a new office in St. Louis at 418 Locust Street. Managers of the new branch are Logan A. McKee and Walter C. Engman. Both were formerly with Murdoch, Dearth & White; prior thereto Mr. McKee was sales manager for Redden & Co. and Mr. Engman was with Scherck, Richter Co.

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International Currency

By D. STEWART IGLEHART
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The Keynes Plan is very clever. It represents his well-known philosophy and would suit the present economic position of some countries. Wherever their supply of gold is limited and their world credit is limited, countries would probably like to capitalize their trading power with a scheme for trading in what are virtually "chips" (bancors).

I am inclined to think that the world as a whole today would not be satisfied to trade in chips. In fact, there is a very apparent tendency in just the opposite direction. The movement of gold, particularly in the last few months, points rather clearly to the fact that the world is turning toward **gold** and wants to trade in what is commonly called **honest money.**

D. Stewart Iglehart

The experience of most countries in managed currencies has not been too happy. They have failed definitely or relatively wherever they have been tried; the reason being that managed currencies are subject to speculation and are particularly subject to political abuse. They inevitably interfere with international trade and gradually lose their value. The laboring man is the sufferer and he really pays the price of failure.

It is futile to expect to establish a theoretical world currency and hope that the people of the world will immediately believe in it. They will not. The great asset that we have today is the dollar and the fact that the whole world believes in it. All we need to do now is to assume leadership.

If our banks are ready to take the lead, using the dollar as the standard of value and giving credit to the central banks of the world to the extent to which they are entitled to credit, and seeing that those credits are sound, self-liquidating and collateralized

(Continued on page 1677)

The Future Of The Radio Industry

The post-war demand for radio sets is quite likely to be of amazingly large dimensions. It has been estimated that there are in the United States (omitting consideration of the export market) about 50,000,000 or 60,000,000 radio sets, with an average life of about five or six years.

This would apparently indicate an annual replacement demand of about 10,000,000 sets, but leaders in the industry reduce this to 8,000,000 sets, pointing out that many families possess more than one radio, which accordingly slows down replacement demand. The biggest year, 1941, witnessed the sale of 14,000,000 sets, but this is regarded as far above normal and primarily due to scare-buying and the public's correct diagnosis that civilian sets would no longer be manufactured.

However, to the normal annual replacement demand, there should be added the increased business that will result from new models and the substantial television field that undoubtedly exists, up to now completely untapped.

Our own point of view is that the radio and electronics field is unquestionably one of America's growth industries and that investors interested in long-term appreciation should give serious consideration to the common shares of the leading companies in the industry (Philco, Radio Corporation, Sylvania, Zenith and General Electric.—*Ralph E. Samuel & Co.*

In New Location

Wainwright, Ramsey & Lancaster, consultants on municipal finance, announce the removal of their office to 70 Pine Street, New York City. The firm's new telephone number is Whitehall 4-3540.

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Benjamin Block Joins Daniel F. Rice & Co.

CHICAGO, ILL. — Benjamin Block has become associated with the New York Stock Exchange house of Daniel F. Rice & Company, 141 West Jackson Boulevard as a special representative. Until recently Mr. Block was a partner in the New York firm of Block, Maloney & Co.. members of the New York Stock Exchange.

ST. LOUIS

STIX & CO.
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Members St. Louis Stock Exchange

Halsey, Stuart & Co. Offer C. & O. Certificates

A group headed by Halsey, Stuart & Co., Inc., on May 5 offered $5,200,000 Chesapeake & Ohio Ry. 1¾s serial equipment trust certificates, due $520,000 on each May 1, 1944 to 1953, inclusive, at prices to yield 0.80% to 2.15%, according to maturity. Other members of the offering group are Otis & Co., Inc.; L. F. Rothschild & Co.; Central Republic Co., Inc.; Moore, Leonard & Lynch; Edward Lowber Stokes & Co., and F. S. Yantis & Co., Incorporated.

The issuance and sale of the certificates to be issued under the Philadelphia plan is subject to Interstate Commerce Commission approval. They are to be secured by 2,380 50-ton composite hopper cars, whose total estimated cost is approximately $6,577,037.

Henehan At Conrad, Bruce

(Special to The Financial Chronicle)

SEATTLE, WASH.—Kevin G. Henehan has become associated with Conrad, Bruce & Co., 1411 Fourth Avenue. Mr. Henehan in the past conducted his own investment business in Seattle.

New York Title & Mortgage Co.
SERIES C-2

Complete descriptive circular will be sent upon request.

Seligman, Lubetkin & Co.
Incorporated
Members New York Security Dealers Association
41 Broad Street New York
Telephone HAnover 2-2100 Teletype NY 1-592

Real Estate Securities

The magic of the location of Fifth Avenue and 42nd Street is known all over the world. Just one block south, opposite the New York Public Library at 475 Fifth Avenue, is the Farmers Loan & Trust Building, located at the Southeast corner of Fifth Avenue and East 41st Street. Rising 278 feet in height, this 24-story office building contains a rentable area of approximately 169,000 square feet. The land owned in fee upon which the building is constructed has a frontage of 104.10 on the Avenue and 140 feet on the Street.

Besides the advantage of being located close to many transit facilities, and its close proximity to the Grand Central Station, the unobstructed light of its offices overlooking the New York Public Library makes the office space in the building very desirable.

First mortgage certificates were issued to the public by the City Bank Farmers Trust Co., who are the present trustees. They represent an equal participation in a first mortgage on the land and building described above and are currently outstanding in the amount of $3,374,500.

These first mortgage certificates may be purchased at 40% of face value despite the fact that they pay 5% interest and 1% amortization. On this basis a yield of over 12% is obtainable.

At this depressed price a value of only $1,349,800 is placed for the entire mortgage. This is only slightly higher than **one-half** the 1943 assessed value of the land **alone,** with the building thrown in for nothing. The City of New York in its 1943 assessment values the land at $2,600,000 and the land and building at $4,150,000.

It is also interesting to note that in 1926 when the building was completed and the City Bank Farmers Trust Co. made this loan, the land was appraised at $2,310,000 and the building at $3,435,000, a total value for the property of $5,745,000.

Comparison of the following summarized earning statements indicates an improvement of earnings during the past year:

	—Year Ended—	
	12-31-42	12-31-41
Gross Income	$467,016	$452,222
Operating Expenses	97,595	99,552
Real Estate Taxes	123,255	124,372
Available for interest	$246,166	$228,222
Interest Require. at 5%	$168,425	$170,000

We made an investigation to determine why these securities were selling at such depressed prices, despite their apparent excellence. We found that the Farmers Loan & Trust Co. had vacated the corner store and second floor in the building because of consolidating their offices with the nearby banking quarters of the National City Bank, with whom they had merged. However, they still are bound on a lease for this space at an annual rental of $183,000 until May, 1946, and have been paying this rental promptly when due. We found that they had made an extensive alteration of the space and had sublet the store to two tenants, the Florsheim Shoe Co. and Peck & Peck, an exclusive ladies' sportswear concern. The second floor space, we understand, has been sublet to a finance company and the Swiss Federal Railroads official information bureau.

Rental figures secured by them in this subletting are unobtainable, but the consensus of opinion is that they are considerably less than those called for in the Farmers Loan & Trust Co. lease.

It is therefore apparent that the current low price of these bonds is the discounting of the possible loss in rent, May, 1946.

We feel, however, that this situation has been too far discounted. Let us assume for the sake of argument that only one-half the rental the Farmers Loan & Trust Co. are paying can be obtained at the expiration of their lease in 1946, and that the balance of the income and expenses remain the same as in 1942.

This would leave $154,666 for interest requirements. In 1942 the interest requirement at 5% was $168,725. In 1946, due to reduction of principal of the mortgage by amortization of approximately $100,000, the interest requirements at 5% will be $163,000. If the figures we assume are correct this would mean the building would earn within $9,000 of 5% interest requirement. You will note 1942 gross income

(Continued on page 1675)

TRADING MARKETS IN
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Robt. Howard To Be de Cordova Partner

Robert F. Howard, member of the New York Stock Exchange, becomes a partner in Cyril de Cordova & Bro., 25 Broad Street, New York City, members of the New York Stock Exchange. Mr. Howard in the past was a partner in the firm and was also active as an individual floor broker.

Interest of the late Cyril de Cordova in the firm ceased on April 16.

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24 Federal Street, Boston 209 So. La Salle St., Chicago

Warren Brothers Co.'s Report Of Operations—Debt Reduced By $5,763,100

The continuance of the war effort throughout the year was responsible for the substantial increase in volume of work done by Warren Brothers Co. and its subsidiaries. Contracts secured by the associated companies during the year amounted to $36,751,849. With the carryover from the previous year this provided a total volume of $40,351,211. Of this amount $32,707,402 was completed during the year, leaving a carryover of $7,643,809 available for 1943 operations.

Operations resulted in net earnings of the parent and its consolidated subsidiaries, together with its proportional share of the net profits of its controlled associated companies, of $1,021,916, after provision for federal income taxes of $677,060, depreciation of fixed assets of $485,549 and special reserves of $335,000.

Operations of the previous year resulted in a profit of $713,350, after provision for federal income taxes of $190,620 and depreciation of fixed assets of $318,400.

In considering the earnings for 1942 Charles R. Gow, Chairman and W. R. Kirkland, President, stated in their remarks to shareholders it should be borne in mind that a very substantial part of the work done during the year is subject to renegotiation. This matter is now before the War Department and, until concluded, the effect, if any, of renegotiation on the earnings of 1942 will not be known.

By giving effect to the plan of reorganization, completed late in 1942, together with current earnings, the deficit at December 31, 1941, of $4,448,285 has been eliminated and a surplus created at Dec. 31, 1942, of $2,263,066.

The plan of reorganization provided for a funded debt of $4,150,300 Series A 4½% bonds and $4,150,300 Series B 5% income bonds. As of Dec. 31, 1942, through the exercise of the privilege of exchange for Cuban Bonds, sinking fund operation and purchase for retirement by the company, the debt was reduced to $2,281,600 Series A and $1,461,900 Series B bonds. The limitations imposed by the collateral trust indenture of August 1, 1941, on the exchange of A and B bonds for Cuban bonds in 1943 was increased by vote of the board of directors on April 27, 1943, from $1,000,000 to $1,500,000. On the same date the limitation on the sale of Cuban bonds through sinking fund operation was raised from $1,000,000 to $1,500,000. The outstanding debt at April 27, 1943, was $1,498,600 A bonds and $1,038,900 B bonds. As of April 27, 1943 the exchange privilege may be exercised to the extent of $757,000 par value of A and B bonds.

Traction Issues Look Good

The first mortgage fixed and income 6s of 1954 of Oklahoma City, Shawnee Interurban Railway, and the first mortgage income 5s of 1955 of Des Moines Railway Co. offer attractive possibilities, according to analyses prepared by Lilley & Co., Packard Building, Philadelphia, members of the Philadelphia Stock Exchange. Copies of these analyses may be had from the firm upon request.

Seeks Judicial Reviews Of ICC Findings

The National Conference of Investors announced on April 28, that Congress would soon be asked to enact legislation requiring Judicial reviews of the findings of the Interstate Commerce Commission in railroad reorganizations. Reporting this the New York "Times" of April 28, also stated:

The purpose is to require Federal courts to exercise independent judgment as to values and related matters in passing upon plans of reorganization certified to them by the Commission. The conference said recent decisions of the United States Supreme Court had held, in effect, "that the findings of the Interstate Commerce Commission as to value, capitalization, equity of present stockholders and other important questions are final and not reviewable by the courts."

Matters connected with the proposed legislation are under the direction of a committee headed by Harry W. Harrison of Philadelphia, a director of the Chicago & North Western Railway and chairman of committees acting for preferred stockholders of the Chicago & North Western and the New York, New Haven & Hartford Railroad. The office of the National Conference of Investors is at 116 Nassau Street.

Form Zippin Co., New Chicago Dealer Firm

CHICAGO, ILL.—Organization of a new Chicago investment firm, Zippin & Co., which will deal in foreign and domestic securities, is announced. Israel Zippin will be President and Howard L. Davidson will be Vice-President. Offices have been taken at 208 South La Salle Street. Mr. Zippin has specialized in foreign securities for the past 18 years and for the past nine years has been with Carl Marks & Co., Inc., here where he was Vice-President in charge of the Chicago office. Mr. Davidson has been on La Salle Street since 1928 and is Secretary and Treasurer of G. W. Thompson & Co. He will be in charge of municipal and corporate securities departments of the firm.

Gammack Admits O'Neill

Cyril C. O'Neill will be admitted to partnership in Gammack & Co., 40 Wall Street, New York City, members of the New York Stock and Curb Exchanges, effective May 13.

H. Blair Tyson withdrew from the firm as of April 30.

Effect of U. S. Supreme Court Decisions on Railroad Reorganization Securities

Chicago North Western Decisions and What the Cash Means

Copies on request

PFLUGFELDER, BAMPTON & RUST
Members New York Stock Exchange
61 Broadway New York
Telephone—DIgby 4-4933 *Bell Teletype*—NY 1-310

Railroad Securities

While the Seaboard Air Line bonds have been attracting considerable new buying interest recently, they have not been so spectacular as some of the other low and medium priced reorganization securities. At present prices the 1st 4s, 1950, the Refunding 4s, 1959, and the Consolidated 6s, 1945, are considered by many rail men as being among the most attractive in the general defaulted group.

To a large extent the recent heavy buying in all sections of the reorganization market has been based on the rapid accumulation of cash, and the growing realization that eventually this cash must go to strengthen the position of outstanding bonds. The benefits may come in the form of larger interest disbursements, retirement of senior debt of the old company, or, where reorganization has progressed to the point of court approval, through eventual retirement of new bonds when the new company is organized and the cash turned over to its treasury. Many reorganization bonds have scored phenomenal price gains in the past month merely on the hopes generated by these theories. In the case of Seaboard, however, it is not a matter of hopes alone, it is a matter of actualities.

The expected benefits from large cash accumulations have already been accruing to holders of the Seaboard bonds. The Receivers, Special Master and the Court in the Seaboard reorganization were all quick to realize the potentialities in retirement of debt prior to reorganization, and instituted an aggressive program looking towards this end last year. No other reorganization company has made such wide progress. Through calls for tenders of the Receivers' Certificates and the Seaboard All Florida bonds, and through a liberal cash offer to holders of the Raleigh & Augusta and Raleigh & Gaston bonds, Seaboard Air Line in the last year has reduced its outstanding debt by more than $37,000,000. It is generally expected that this policy of debt retirement through purchase or call for tenders will be continued this year, and so long as the war boom lasts and no reorganization is consummated. The potentialities along this line are great.

Recent computations show that the entire debt of Seaboard and its leased lines, including Receivers' Certificates but excluding equipments which are provided for by the depreciation accruals, had a market value of less than $65,000,000. Of this total the combined 1st 4s, Refunding 4s, and Consolidated 6s accounted for about $35,000,000 with the balance being made up of the Receivers' Certificates, divisional liens and subsidiary debt expected to participate in any reorganization. Income available for charges last year was more than 50% of the total market value of these securities, and there is little question but that the 1943 income available for charges will top the 1942 results by a considerable margin.

In last year's debt retirement program the company utilized something more than $14,000,000. Also, the increase in investments in other than affiliated companies indicates that the Receivers probably purchased some U. S. Government bonds. Nevertheless, at the end of the year there was a balance of cash, special deposits and temporary cash investments (not including the investments in other than affiliated companies mentioned above) of $17,185,000. The balance sheet also revealed receivables of roundly $9,500,000 of which a large proportion is be-

(Continued on page 1675)

We recommend dealers' consideration, at this time, of all issues of

Chicago, Rock Island & Pacific R. R. Co.

Particularly the GENERAL 4s, 1988, both Coupon & Registered

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We wish to call your attention to the following rather interesting comparison:

Railroad	*Funded Debt*	*1st Quarter Net Operating Income*
Missouri Pacific	$434,000,000	$11,883,000
Rock Island	317,600,000	11,962,000
St. Paul	434,000,000	13,573,000
SEABOARD	177,000,000	11,221,000

(These figures, while not guaranteed by us, have been obtained from sources we believe to be reliable.)

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VAN TUYL & ABBE
72 WALL STREET
NEW YORK

Situation Interesting

The preferred and common stocks of Rockwood & Co. (cocoa and chocolate) offer interesting possibilities according to the current bulletin of Strauss Bros., 32 Broadway, New York City. Copies of this bulletin may be had from the firm upon request.

Defaulted RR. Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range from Jan. 1, 1939, to date; high—59⅝, low—14¾; May 5 price—59½.

Mohawk & Malone Railway

3½s, 2002

Guaranteed principal and interest by New York Central R. R.

(Unlisted)

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Interurban Ry.
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U. G. I.
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The Pennsylvania Turnpike Commission Revenue Bonds

Of the many economic dislocations caused thus far by the war, none is more severe than the shrinkage of motor transportation occasioned by the rationing of gasoline, tires and motor vehicles. The curtailment of revenues has been more drastic than was anticipated. In practically every State in the country the reduction in revenues from motor fuel taxes and registration fees is so serious that most States are faced with the necessity of obtaining compensatory revenues from other sources.

Comparable reductions in revenues are being experienced by Authorities and Commissions operating publicly owned motor transportation facilities; and the holders of the approximately $500,000,000 bonds issued to finance such facilities are naturally concerned over the immediate outlook. The picture is confused, and holders have not known whether to sell, to buy, or to sit tight. At the moment it seems as if the great majority seem to be sitting tight. There are surprisingly few of these bonds available and there seems to be an underlying confidence in the post-war volume of motor traffic.

The Pennsylvania Turnpike is outstanding in this unusual situation for several reasons:

1. As the only major toll highway in the country the Turnpike performs a unique transportation service. It is 160 miles long and provides almost level motor transportation through the Alleghany Mountain range across the State of Pennsylvania—a type of service unmatched by any other transportation facility in the country. Predictions that the rationing of motor travel would strike the Turnpike more severely than other traffic facilities have proved to be unfounded.

2. The Turnpike was opened to traffic only 14 months prior to Pearl Harbor, and it did not have time to create its normal complement of traffic before the war restrictions were imposed. In spite of this handicap, it has succeeded in establishng substantal cash reserves to offset the temporary reduction in revenues.

3. The cost of operating the Turnpike is relatively high. With an overall width of 78 feet, the Turnpike has about 64,000,000 square feet of surface made up of concrete roadway, planted medial strip dividing traffic, and 10-foot shoulders bordering the concrete roadway. All of this surface requires inspection and care. There are over seven miles of tunnels which have to be continuously ventilated, lighted, guarded and inspected. This results in a proportionate cost of maintenance and operation somewhat higher than that of the average transportation facility.

4. The Turnpike Revenue Bonds are not Authority bonds but are special obligations of the Commonwealth of Pennsylvania payable through an instrumentality of the Commonwealth, the Pennsylvania Turnpike Commission, solely from a special fund—namely, the revenues of the Turnpike. This fact may have some significance in the ever-present threat to declare bonds of public authorities taxable.

During its first year of operation the Pennsylvania Turnpike collected about $3,050,000 in tolls as compared with engineers' estimates of $2,670,000. During its second year of operation it collected $2,482,448 against an estimated $3,204,000. The estimates were based upon continuation of normal peacetime economy. Gross revenues for the calendar year 1942 were 27% below those of 1941. For January, February and March, 1943, the reductions from the revenues of a year ago were 33%, 27% and 24%, respectively.

The income from truck traffic during 1942 was $1,368,730, as compared with $1,063,193 in 1941. The steady growth of commercial traffic is significant. The Turnpike has more than fulfilled the engineers' expectations of its importance in long-haul trucking. It would appear that the only factor which might retard the steadily increasing volume of truck traffic is the difficulty of maintaining, repairing and replacing commercial vehicles.

Passenger traffic revenues have, of course, been severely curtailed, but it has climbed from a low of 77% reduction in December, 1942, to a reduction of only 59% in March, 1943.

As of April 1, 1943, the Trustee for the Pennsylvania Turnpike Commission had $1,235,000 in the Reserve Interest Account. It is impossible to forecast future revenues, but, according to the present trend, this reserve should be sufficient to offset any net loss in revenues for a period of from two to three years.

Pennsylvania Brevities

U. G. I. "Stubs" Active

Dealer interest continues to expand in **United Gas Improvement Company Residual Certificates**, promptly designated as "Stubs" in the Street.

Traded on a "when issued" basis, each "Stub" represents an undivided interest in all net assets applicable to United Gas Improvement common stock following the presently contemplated distributions of Philadelphia Electric Co. and Public Service Co. of New Jersey common stocks. Divestment of these holdings still leaves UGI in possession of a number of valuable and income-producing operating company equities as well as other miscellaneous investments. Allentown-Bethlehem Gas Co., Harrisburg Gas Co., Consumers Gas Co. (Reading), and Luzerne County Gas & Electric Co. are among the controlled companies whose securities are yet to be sold or distributed.

At a special meeting of UGI stockholders, held on April 19, President William Bodine stated that remaining assets subject to consideration had a then estimated value of approximately $70,000,000. Since there are 23,252,010 shares of UGI common outstanding, the present break-up value of the "Stubs" would appear to be about $3. Since subsequent sales of properties will be made only as favorable opportunities occur, it is entirely possible ultimate realization will exceed this figure. It is anticipated that further distributions on the "Stubs" will include dividends from earnings as well as liquidating disbursements from the sale of assets. For the first quarter of 1943 UGI reported consolidated net profit of $5,004,545, compared with $4,688,852 in the same 1942 quarter.

A slight irk to New York and Philadelphia traders who toss the "Stubs" around in 1,000 to 5,000-share lots, lies in the fact that unless appropriate action is taken by the UGI board, the "Stubs" will carry the same "no par value" designation as the present UGI common. Since their ultimate value will never exceed a few dollars a share, the taxes involved in trading a no par value stock seem excessive and unfair to all concerned.

Reorganization Rails Remain Popular

Local dealers' basic faith in the favorable factors underlying selected reorganization railroad situations was not seriously affected by the ICC's ice-water rate action. Facts which remained uppermost in mind: Bonded indebtedness is being scaled down more drastically than in any previous era; earnings of most roads are increasing enormously; indicated earnings coverage will amply service new capitalizations under all foreseeable circumstances. Generous income and probably appreciation are still abundantly available. Discount bonds are an excellent inflation hedge.

Particularly in current favor: **St. Louis & Southwestern gen. 5s, 1990.** Bonds of this issue, placed by Philadelphia dealers in the last month, would, if laid end to end, build a "Cotton Belt" spur from the New York Stock Exchange to Broad and Walnut.

For many years **Keystone Telephone Co.,** local independent, has monopolized the "short wire" service used by Philadelphia brokers and dealers by the simple expedient of providing traders' boards at low cost. Now the FCC has certified the acquisition of Keystone by the Bell Telephone Co. of Pennsylvania, the actual consolidation awaiting the purchase of Keystone's physical properties. The financial community glumly anticipates an increase in rates.

During 1942 **Warner Company,** through the purchase of bonds and other debt and the payment of deferred interest coupons, reports that long-term debt was reduced by $1,599,470. At the year end, current assets amounted to $2,485,638 (of which $1,125,698 was in cash) against current liabilities of $713,313. Surplus for the year, after all charges, was $961,318, which compares with $1,102,171 for 1941.

Under the terms of a lease-contract with the Defense Plant Corporation, Warner Company has completed construction of and is now operating a magnesite plant located at Paoli, Pa. During the war its products will consist mainly of pure refractory magnesia used in the manufacture of fire-brick for high temperature furnaces and an exceptionally pure grade of high-calcium quicklime, superior in quality to the usual grades produced from natural limestone.

Add Hatchet Women of Walnut Street (E. & O. E.)—**Peggy Kurtz,**

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Rambo, Keen, Close & Kerner, assisting **Vice-President Edmund J. Davis,** and **Sarah M. Madley,** who handles the desk for **William Fogarty.**

With a simple capitalization of 231,930 shares of common stock and no funded debt, investor interest is well maintained in **H. H. Robertson Company** common stock. The company is a well established manufacturer of materials used in all types of building construction. Many products have been specially developed and are protected by patents. Well known in the industry are Robertson Protected Metal Roofing and Sidewall Sash, ventilating equipment and cellular steel floor systems. The probability that war experience will accelerate the trend toward pre-fabricated construction is a favorable long-term factor.

Sales hit a new peak in 1942, but higher taxes reduced net income moderately from results obtained in 1941. However, per share earnings of $3.46 are considered ample to maintain the current dividend rate of $1.50.

On Thursday, April 29, the Pennsylvania House of Representatives passed a measure **exempting manufacturing corporations from the capital stock tax.** Under the plan the exemption would become effective Jan. 1, 1945, if the war is over by that time, or the first January after the cessation of hostilities. The measure is designed to encourage business to remain and expand in Pennsylvania in the post-war period.

Philadelphia & Western Railway Company reports first quarter net income of $24,334.

Net sales of **R. F. Sedgley, Inc.,** in 1942 were almost double the record sales of 1941, annual report to stockholders reveals. Profits before deducting State and Federal income taxes, but after deducting all other charges, including non-recurring expenses of $36,192, amounted to $210,410, against $82,932 in 1941. The company is engaged 100% in war work, the details of which are not available.

Philadelphia bank stocks advanced slightly in the week ended April 30. Aggregate value of 10 stocks was $175,107,000 and yield 4.87%, against $174,977,000 and yield of 4.88% for the previous week. The increase in market value was 0.74%.

Cramp Shipbuilding Co. is installing additional facilities at its Philadelphia yard at a cost of $8,000,000, and this work is well under way, Joseph P. Ripley, Chairman, said in his annual report to stockholders. Payment for this work, which includes a large concrete drydock, is being made currently by the Navy Department, which retains title.

Gross income for 1942 was reported as $65,042,356, compared with $12,400,979 in 1941. 1942 net income amounted to $696,824.

York Ice Machinery Corporation's management and stockholders wearily await the pleasure and convenience of the U. S. Circuit Court of Appeals in affirming or rejecting the company's two-year-old plan of recapitalization and merger. A single dissenting preferred stockholder's appeal was tried before this court on Oct. 19, last. A previously dissenting group came a cropper before Judge Watson in the U. S. District Court last June. In the seemingly interminable meantime, a nice job of bond refunding lies dormant, issuance of new securities is restricted, stockholders are getting a pushing around, and the company can't even use its new name. Contribution to the war effort, however, remains 100%.

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Says Stabilization Plan Seeks World Prosperity

The assertion by the Treasury's monetary expert credited with developing the American plan for post-war currency stabilization declared that this country's only interest is to promote general prosperity in which all nations can share was noted in Associated Press advices from Washington, April 28, which quoted Harry D. White, an Assistant to Secretary Morgenthau, as saying:

"We cannot ignore the importance to us of promoting prosperity in other countries as well as our own. We must learn the fundamental truth, that prosperity, like peace, is indivisible." The Associated Press further said:

Mr. White, a former Economics Professor at Harvard, expressed belief in the current issue of the "American Economic Review" that only by co-operative planning now can the world escape severe monetary disturbances in the post-war era.

"We cannot hope for sound recovery in international economic life so long as the germs of monetary instability infect a large part of the world," he said.

"Only an intelligent adjustment of exchange rates to the new international economic position in the post-war period can provide a firm foundation on which to build a high level of world trade and prosperity."

Fleming, Clark Directors of Penn.-Central Airlines

Robert V. Fleming, President and Chairman of the Board of The Riggs National Bank, Washington, D. C., and former president of the American Bankers Association, and Harold B. Clark, senior member of White, Weld and Company, New York investment brokers, have been elected to the Board of Directors of Pennsylvania-Central Airlines Corporation, it was announced after the annual meeting of the airline.

Philadelphia's Philco Corporation Unit Wins Army-Navy "E"

Reports Quarterly Income Higher

In recognition of its continued war production record, the Chicago Division of Philco Corporation has been awarded the Army-Navy "E" with a white star, according to word received from Robert P. Patterson, Under Secretary of War, by John Ballantyne, recently elected President of the corporation.

Larry E. Gubb

John Ballantyne

James T. Buckley

Officers of the corporation elected at the organization meeting of the Board of Directors of Philco Corporation were John Ballantyne, President, formerly Vice-President in charge of operations; M. W. Heinritz, formerly general manager of the Storage Battery Division, Vice-President in charge of the Division; Charles F. Steinruck Jr., Assistant Secretary, elected Secretary in place of the late George E. Deming. James T. Buckley, previously President of the corporation was elected to the newly-created office of Chairman of the Company's Executive Committee, it was announced by Larry E. Gubb, chairman of the Board of Directors.

Net income of Philco Corporation in the first quarter of 1943, after estimated Federal and State income and excess profits taxes, amounted to $770,890, or 53 cents per share of common stock, of which $178,000, or 13 cents per share is the post-war refund provided for by the revenue act of 1942, it was announced by John Ballantyne, President.

In the corresponding quarter last year, the Company had adjusted net income of $595,035, or 43 cents per share of common stock, including a post-war refund of $100,000, or 7 cents per share.

"Sales of Philco Corporation, consisting principally of radio equipment, in the first quarter of 1943 were substantially ahead of the same period last year," Mr. Balantyne said. "Present indications are that production and sales will increase further in coming months as engineering work is completed on additional new equipment for the Army and Navy."

Post-War Inflation Can Be Avoided By Rapid Reconversion To Peacetime Production

Schram Lists Four Antidotes To Inflation In Speech In Los Angeles May 3rd

The danger of inflation will be greatest in the post-war years, especially in the early post-war months, according to Emil Schram, President of the New York Stock Exchange, who told a luncheon meeting at the Town Hall in Los Angeles on May 3 that the antidotes for inflation are:

"(1) generous investment in war bonds now,

"(2) free absorption of risk securities in American and foreign enterprise after the war,

"(3) immediate steps toward progressive reconversion of our industrial plants from the manufacture of the instruments of war to the goods of peace, even while the conflict is still in progress, and

"(4) emphatic encouragement of high production in the early post-war period."

Emil Schram

Emphasizing that "Government securities as well as corporate securities will remain attractive if our system of free enterprise is permitted to operate in a healthful atmosphere," Mr. Schram added:

"Another self-evident answer to the threat of inflation is a rapidly increasing supply of reasonably-priced consumption goods of the type the people want. Industry must be reconverted with a minimum of delay from the manufacture of instruments of war and destruction to the production of the useful things demanded by normal peacetime civilization.

"Nothing would be more dangerous than a prolonged period of chronic shortages. It would mean a buyers' panic, unjustified profit-margins, an upward wage spiral always some distance behind a soaring cost of living, and the worst kind of selfish and anti-social exploitation of an unwholesome economy of scarcity.

"It is important, therefore, that our statesmen, bankers and industrialists lose no time in preparing to reconvert the immense facilities in the factories and mills of America from the production of the goods of war to the manufacture of the things people will want and demand when peace once more blesses this troubled world. To fail to take steps leading to a fast-increasing supply of civilian goods, immediately after the urgent needs of the war have been met, is to court a type of economic disaster. It is gratifying that a start has already been made in this kind of preparation, but much more needs to be done.

"Happily, the productive capacity of this land is so great that

(Continued on page 1677)

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Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

On April 28, 1943, stockholders of the New York Trust Company authorized its capital to be increased from $12,500,000 to $15,000,000, through the issuance of 100,000 additional shares of $25 par value. The new shares are offered to present stockholders at $75 per share; thus, ignoring underwriting costs, $5,000,000 will be added to the bank's surplus as well as $2,500,000 to capital.

The effect of this increase in capital funds on the statement of condition of March 31, 1943, is as follows:

	Before	After
Capital	$12,500,000	$15,000,000
Surplus	25,000,000	30,000,000
Undivided Profits	4,786,418	4,786,418
Total Capital Funds	$42,286,418	$49,786,418
Number of Shares	500,000	600,000
Book Value per Share	$84.57	$82.98

It will be noted that the number of shares outstanding is increased 20%, capital funds approximately 17.7%, and book value is reduced 1.9%. It remains to be seen if operating earnings over the near term can be expanded sufficiently to offset this dilution. In the meantime the market recognized the dilution by dropping the bid, after the stockholders' approval of the plan, from 85¼ to 80¾ (ex rights). As a matter of fact, the stock has declined since the proposal was first announced approximately 10% compared with a decline of 3.2% for New York City bank stocks as measured by the "American Banker" daily index. Thus, to date, the market does not appear to have viewed the increase in capital with any too much favor.

It is several years since a Wall Street bank has entered the market for new capital, and whether or not New York Trust's move will touch off other banks to take similar action is problematical. True, deposits are expanding, the Government's war financing needs are continuing, bank earnings are rising and post-war industry and commerce will doubtless require heavy financial help from the banking system. But, by and large, New York City's banks would appear to have ample capital funds, and even though their deposits have reached unprecedently high levels and the conventional ratio of 10 to 1 has been violated, this by itself is not sufficient justification for additional capital, though it must be taken into consideration. In the case of New York Trust the ratio of deposits to capital funds as indicated by the balance sheet of March 31, 1943, was 14.1, while the increase in capital funds reduces this to approximately 12.1. But since deposits are rapidly rising and will continue to do so throughout the year, as a result of Government borrowing, the ratio will soon be back to where it was. That the ratio of some banks seems startlingly high is true, as column I of the tabulation below shows; thus perhaps there are instances where the ratio needs strengthening through additional capitalization, even though it is not practicable to do so more than fractionally by this means.

AS OF DECEMBER 31, 1942

	I	II %	III
New York City			
Bank of Manahattan	19.4	74.9	4.9
Bank of New York	17.3	85.6	2.5
Bankers Trust	13.1	79.5	2.7
Central Hanover B. & T.	15.3	86.5	2.1
Chase National	17.5	80.6	3.4
Chemical Bank & Trust	14.9	73.8	3.9
Corn Exchange B. & T.	14.7	89.5	1.5
First National	7.3	92.0	.6
Guaranty Trust	9.6	86.5	1.3
Irving Trust	8.9	87.9	1.1
Manufacturers Trust	15.3	76.8	3.5
*National City	17.9	83.2	3.0
New York Trust	15.0	79.4	3.1
Public National B. & T.	13.1	77.8	2.9
Average (New York)	14.2	82.4	2.6
	I	II %	III
Other Cities			
First National (Boston)	12.6	76.8	2.6
National Shawmut (Boston)	10.6	81.5	2.0
Pennsylvania Co. (Phila.)	13.1	73.9	3.7
Phila. National (Phila.)	14.2	86.7	1.9
Con't. Ill. N. B. & T. (Chic.)	17.0	90.1	1.7
First National (Chicago)	20.2	80.9	3.8
Nat. City Bank (Cleveland)	19.8	82.2	3.5
First National (St. Louis)	16.6	80.5	3.2
Bk. of Am. N. T. & S. A. (Cal.)	17.8	63.7	5.9
Am. Trust (San Fran.)	17.9	57.0	7.7
Security First Nat. (L. A.)	15.4	69.5	4.7
Average (Other Cities)	15.9	76.6	3.7

*Includes City Bank Farmers' Trust.
I Gross deposits to capital funds.
II Cash and governments: per cent of gross deposits.
III "At risk" deposits to capital funds.

The high ratios of column I are misleading, however, if one tries to read into them a dangerous expansion of debt in relation to capital funds, for quality of assets is of far greater significance and importance than is an arbitrary mathematical ratio. In recent years there has been substantial improvement in banking assets, and a high degree of liquidity has been maintained; for example, 15 leading New York City banks show, as per March 31 statements, 23.0% of total assets in cash and 53.3% in Government securities, or a total of 76.3% in cash and Governments. If these "riskless" assets be balanced against deposits, it will be found that the remaining deposits, which are represented by loans, investments, and other "risk" assets, will be relatively small and that their ratio to capital funds is moderate indeed. In the above tabulation the per cent of gross deposits which are represented by cash and Governments is shown in column II, and the ratios which the remaining deposits bear to capital funds are shown in column III.

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Halsey Stuart Adds Scott

(Special to The Financial Chronicle)

RENO, NEV.—Blaine W. Scott Jr. has been added to the staff of Halsey, Stuart & Co., Inc., members of the Chicago Stock Exchange, whose main office is at 201 South La Salle Street.

Prentiss Brown Reveals Program To Hold Down Cost Of Living

Prentiss M. Brown, Federal Price Administrator, in a radio address on April 30, disclosed a program to hold down the cost of living for wage-earners, including extension of price control to "every important commodity" and "a rollback of prices out of hand," said a special dispatch to the New York Times from Washington, on April 30, which added:

Prentiss M. Brown

Mr. Brown announced that he had instructed his staff to put into effect "without delay to the limit of our powers" the following four-point program:

"First, to extend price control across the board to every important commodity.

"Second, to roll back those prices which have got out of hand. The prices of meat, fresh and canned vegetables, coffee, among others, will be rolled back.

"Third, to establish specific dollars-and-cents prices for foods, so that all may know—sellers and buyers alike—what the legal price is. These prices will be printed in small booklets which the housewife can put in her handbag when she goes to market, and will be otherwise displayed.

"Fourth, to bring the chiseler, the racketeer, the black market operator to justice. These parasites feed not only upon the consumer but upon the overwhelming majority of business men, who are eager to abide by the law and our regulations under the law. I propose with your help to enforce these ceiling prices and to exterminate these criminal operators of the illegitimate markets."

Advices from the same source on April 30 said:

Spokesmen for the American Federation of Labor, the Congress of Industrial Organiaztions and the railroad brotherhoods on April 29, declared that the President's policy of a complete economic stabilization program had not been carried out, and urged President Roosevelt, James F. Byrnes, Economic Stabiliaztion Director; Chester C. Davis, Food Administrator, and OPA Administrator Prentiss M. Brown, head of the Office of Price Administration, to "immediately put into effect without qualification, compromise, or exception, a vigorous price policy to the end that the cost of living be rolled back to May 15, 1942, and to the end that equity be reestablished in government policies applied to the income of workers and the incomes of all other groups."

John McCandless Joins Mass. Investors Trust

John A. McCandless has resigned as a member of the staff of the National Association of Securities Dealers to become associated as of May 1, with Massachusetts Investors Trust, 111 Devonshire Street, Boston, Mass. Mr. McCandless was employed for a number of years by W. A. Harriman & Company and Brown Brothers Harriman & Company, New York City. During 1940 and 1941 he was a member of the staff of the Securities and Exchange Commission of the United States.

Mr. McCandless will be in charge of the purchase and sale of securities by the Trust.

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Investment Trusts

With the successful conclusion of the Second War Loan Drive, we pay tribute to investment company sponsors for their unselfish efforts to promote war bond sales among their own clientele. "Sales points" developed by various sponsors had more real punch than anything we saw coming out of Washington.

"Interest-bearing cash" was the striking description Lord, Abbett's **Abstracts** pinned on War Bonds. "The Government borrows from a bank at 2% interest—and pays the individual 2.9% when it borrows on a Series E Bond."

"It's our turn to 'pass the ammunition,'" wrote the Keystone Corp. in **Keynotes**, "and the ammunition costs $250,000,000 a day." Calvin Bullock's **Bulletin** stated, "Not only do we help win the war when we purchase United States Treasury Bonds; we also help win the peace." "You lend your money," said Selected American Shares. "The interest and principal of these offerings are the safest in the world."

Perhaps most to the point for all who are strongly moved by the profit motive (and that's covering a lot of territory) was Lord, Abbett's **Union Dealer.** Entitled "$3 Buys $4," the bulletin commences, "Yes, $3 buys $4, or $75 buys $100, through Series E War Bonds." Theme: That's a good investment even if Americans weren't being killed every day to protect and save our skins.

Investment Company Briefs

The transition which has taken place in recent years from stereotyped, moss-bound financial sales literature of the past to presentations that invite reading is evident in two new folders on New York Stocks, Inc. One is entitled: "Industry Selection for Larger Profits," and presents the investment philosophy underlying all 21 Series of New York Stocks, Inc. The other, "An AA-1 War Priority Industry with a Great Peacetime Future," deals specifically with the Agricutural Series.

* * *

Incorporated Investors has led the field of general management investment companies in overall performance since the end of 1941. The Parker Corp. affords an interesting glance into some of the investment thinking which will influence the portfolio management of Incorporated Investors during the year ahead. The material consists of a 14-page survey, "An Investor Looks At 1943," published by the research department of E. W. Axe & Co., Inc. Mr. Axe is a vice-president and director of Incorporated Investors and a member of its investment committee. One of the most significant points of his 7-point conclusion is: "The price level of 'things' is likely to continue to rise, and probably at a greatly accelerated rate after the war ends."

* * *

American Business Shares' **News Letter** reports the following performance for the first quarter of 1943: ABS up 22.7%; Dow-Jones Industrials up 14.3%.

* * *

National Securities & Research Corp. indulges in a bit of retrospect on the occasion of that organization's 13th birthday, May 1, 1943. A hopeful note is struck in the conclusion which follows a brief resume of the eventful, tragic years just passed. "The elements that made America the greatest nation on earth in the short space of 150 years are again recognized, and America, as we have always conceived it, is being reborn."

* * *

Three new editions of Keystone Corp.'s four-page sales folders have been released. They are: "Medium Grade Bonds," current return 5%; "Income Preferred Stocks," current return 6½%; "Appreciation Preferred stocks," appreciation possibilities 60%. The figures are Keystone's estimates.

* * *

Distributors Group has recently put in the mail three sparkling new sets of sales material on the Steel Shares, Investing Company Shares, and Petroleum Shares of Group Securities, Inc.

* * *

The April issue of Calvin Bullock's **Perspective** is devoted to

(Continued on page 1673)

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Industry is helping win the war...
industry must help build a peacetime world

Today, all industries must produce as never before —must speed the output of food, tanks, planes, guns, ships and other instruments of war—must conserve vital supplies—that we may win quickly a decisive victory.

Tomorrow, all industries must continue to produce—beating swords into plowshares—to prevent world-wide unemployment leading to ultimate economic collapse.

If the world is to prosper there must be the same cohesion among the United Nations during the transition period and thereafter as now exists during the world-wide conflict. Internal stability here and in other nations can be gained and maintained only by sustained industrial production and by interdependence.

The people of this country, in common with the people of other lands, will prosper materially and spiritually when this war is ended but only if plans world-wide in scope are formulated promptly for A JUST AND DURABLE PEACE.

THE INTERNATIONAL NICKEL COMPANY, INC.
Subsidiary of The International Nickel Company of Canada, Limited
New York, N.Y.

Pa. & Del. Factory Jobs At High Levels

Factory employment in Pennsylvania in March was maintained at approximately the peak level reached in February, while payrolls increased slightly, according to reports to the Federal Reserve Bank of Philadelphia from 2,929 establishments. The number employed exceeded 1,200,000 and the volume of wage payments was estimated at over $48,000,000 a week. Compared with a year ago, employment increased 5% and wage disbursements 25%. Total employee hours worked rose somewhat further in the month to a level 12% above March 1942.

The Bank also reported:

"Activity in durable goods lines, as measured by payrolls, rose slightly to a new peak in March, reflecting chiefly further increases in certain war industries. Additional small gains also were reported in the cases of some lighter products, including textiles and foods. Wage payments in heavy industries were 30% greater than a year ago, as against an increase of 13% in non-durable goods lines.

"The weekly income of wage earners at reporting factories in Pennsylvania rose slightly further in March to an average of $43.16, the highest in records back through 1923. Average hourly earnings remained at about the February level of 97 cents. Average working time in March showed a small gain, increasing to 44½ hours a week, the highest reported since June, 1930.

"At reporting Delaware factories employment increased 2% and payrolls 6% from February to March. Increases over a year ago amounted to 32% and 61%, respectively. Total working time rose 3% in the month to a level 40% above last year.

PACIFIC GAS AND ELECTRIC COMPANY

SAN FRANCISCO, CALIFORNIA

The Company's properties form an interconnected system, located entirely within the State of California. For more than thirty-one years operations have been subject to regulation by the California State Railroad Commission.

The Company operates electric generating plants having an installed capacity of 1,985,676 horsepower and is one of the largest producers and distributors of electricity in the United States. It also ranks among the major distributors of natural gas in the country. On December 31, 1942, electric customers numbered 985,533, gas customers 723,766, and water and steam customers 12,672.

In the year ended December 31, 1942, 69.1% of operating revenues were derived from sales of electric energy, 29.7% from sales of gas, and 1.2% from minor activities. The well diversified character of the Company's business tends to stabilize earnings and also to permit of economical operation.

SUMMARY OF CONSOLIDATED INCOME STATEMENT

	Year 1942
Gross Revenue, including Miscellaneous Income	$127,114,180
Operating Expenses, Taxes (except Federal income taxes) and Provision for Depreciation, Insurance, Casualties, Uncollectible Accounts and Pensions	78,626,525
Gross Income	$ 48,487,655
Bond and Other Interest, Discount and Other Income Deductions	11,368,984
Net Income before Provision for Federal Income Tax	$ 37,118,671
Provision for Federal Income Tax	14,851,079
Net Income to Surplus	$ 22,267,592
Dividends of Subsidiaries on Capital Stocks held by Public, etc.	1,620
Remainder—Applicable to Pacific Gas and Electric Company	$ 22,265,972
Dividends on Preferred Stock	8,399,508
Remainder—Applicable to Common Stock	$ 13,866,464
Number of Full Shares of Common Stock outstanding at end of period	6,261,274
Earned per Share of Common Stock	$2.21

RECORD OF RECENT GROWTH

Year Ended Dec. 31	Gross Operating Revenue	Sales of Electricity K. W. H.	Sales of Gas Cubic Feet	Number of Stockholders
1938	$101,424,595	3,906,866,000	62,477,013,000	95,985
1939	107,175,353	4,409,568,000	69,934,787,000	95,784
1940	109,980,302	4,671,953,000	77,283,044,000	96,122
1941	115,353,944	5,067,026,000	89,430,294,000	103,898
1942	126,781,614	5,758,448,000	107,304,089,000	104,444

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Copies of Annual Report may be obtained on application to D. H. Foote, Vice-President and Secretary, 245 Market Street, San Francisco, California

---

"The Prince"

By HAROLD FLEMING

Public Utility Holding Companies Victims of Fashionable Politics

Professor James Burnham, author of the "Managerial Revolution," which caused so much talk two years ago among people who read books, has come out with another book called "The Machievellians."

This book has some pungent paragraphs about liberty, democracy, and power, which have an interesting bearing on such things as the current disintegration proceedings in the utility business.

Speaking about power, Burnham says: "The Machievellians are the only ones who have told us the full truth about power . . . (they) present the complete record; the primary object (they say), in practice, of all rulers is to serve their own interest, to maintain their own power and privilege. There are no exceptions. No theory, no promises, no morality, no amount of goodwill, no religion will restrain power. Neither priests nor soldiers, neither labor leaders nor businessmen, neither bureaucrats nor feudal lords will differ from each other in the basic use they will seek to make of power. . . . Only power restrains power. . . ."

It would spare a good many utility executives a good many hours of high blood pressure and indignation over the legal goings on by which the Securities and Exchange Commission is gradually doing them out of jobs if they could absorb this and many other such candid paragraphs in this highly objective book. For they might learn to grasp four essentials in the present chapter of holding-system disintegration. They are:

(1) The sound-track of demagogic argument, legalistic lingo, and political palaver spun by the SEC in the course of its squeeze-out operation is merely opportunistic talk, designed to get the SEC on in the world. If one argument won't do the trick another one is used, or, if useful, both, whether they have any logical consistency or not.

(2) The one and only true goal of all the SEC's welter of words and fanfare of talk about the public interest is the aggrandisement of the power of the Securities and Exchange Commission.

(3) There is no ulterior purpose beyond this goal of getting power. It is itself the goal. The power is not desired for the purpose of using it in the public interest. The goal is power for power's sake. More power will enable the SEC to reach out for even more power. Practically anybody can see this except an SEC Commissioner or would-be Commissioner.

In this the SEC is no different from any other Government bureau. Its members and employees are, believe it or not, as human as the rest of us, behind those super-solemn faces.

(4) And lastly, nothing will stop the expansion of SEC power except somebody else's power. Good arguments will not do it, whether they are based on sound economics or on a common sense interpretation of what the plain English of the law means, or whether they are based on American traditions, or on the precedents of the law, or on the Constitution. The argument that a war is going on and that the primary goal in the operation of electric power systems ought to be to produce as much power as possible and distribute it as cheaply and efficiently as possible, is a waste of breath. Experience ought to show that. The Securities and Exchange Commission is not in the least impressed, or even interested.

Utility executives are constantly and hopelessly complaining that what the SEC is up to has no visible relation to the law, to common sense, to the Constitution, to the public interest, to the good of consumers, or to the well-being of investors. But this is a waste of breath and printers' ink. The SEC has a mandate from itself to get on in this world, and these considerations are a bother.

For instance, Justin Whiting has pointed out that Section 30 of the law would seem to say in plain English that before the Commission forces the **present** systems to disintegrate, it should work out a map and plan by which the **future** systems can be integrated.

And, in fact, the Commission seems once to have thought as much itself, for it once hired a professor by the name of Fournier to work out such a system. The fact that the professor was as green as campus grass, as red as Harold Laski, and as ignorant of the utility business as Howard Hopson's one-time victims, is unimportant; the important thing is that the Commission once took Section 30 seriously. But it grew wiser fast. Section 30 meant responsibility; what SEC wanted was authority.

Other utility men make other such hopeless objections. The Bond & Share and the Engineers' people are fond of recalling the fact that holding company system rates are lower, according to the Government's own figures, than single system rates, whether you line them up by geographical area, or size, or predominant business in the area, or any other criterion.

Still other utility men point out that disintegration of the holding systems works a hardship on the investors the Commission is supposed to protect, as it forces the unloading of huge blocs of securities on the market, or would do so if the Commission did not play cat-and-mouse with the companies, first demanding they take the responsibility for disintegration, then giving them further breathing spells, and so on.

Still others point out that it seems foolish to force a company to reorganize its capital structure before it knows whether or which of its underlying companies it can keep. Or they argue that disintegration and Federal regulation are mutually contradictory, since the disintegration of the systems will mean virtually the end of Federal regulation.

All this is quite beside the point. The trouble with the thinking that puts these arguments forward is that it takes the juridical and political double-talk of the SEC seriously. These are not serious considerations for the Commission. The Commission is out for the kill. It is judge, jury and executioner of a death-sentence for utility executives. They must go. To the extent that the law gives the SEC authority for this punitive expedition the Commission feels that the law means what it says. To the extent that the law circumscribes this destructive power, the Commission feels that the law does not mean what it says. And if the law is silent, as on such things as the economic wastes of disintegration, then the Commission can and does simply shrug its shoulders—as in the incident in 1942 when the Engineers' people dared the Commission to argue the matter on economic grounds.

When this writer visited Peking as a cub reporter in the early 'twenties, he repaired to the American Embassy for some primary explanation of Chinese politics.

Here is what he got: "In the struggle of the provincial tuchuns or military governors, do not look for any underlying principles or morals. If you take seriously their arguments, you will merely be confused. Each is out for his own aggrandisement and nothing else is of importance." (Fortunately that is not true of China today.) And this is the cue to the SEC's utility policy. It is the one cue, in fact, that makes sense.

By any other interpretation the policies of the SEC are unreasonable.

This thing has to be looked at in larger perspective. The SEC is an agency for making political profit out of capitalizing fashionable political ideas. The keeper of the fashion is the Vice-President. He revealed the party line last November at a celebration of the 25th anniversary of the second Russian Revolution. The first, in March, 1917, was against Czarism; the second—the one being celebrated—was against parliamentary government. Said Mr. Wallace in his lead sentence: "We are celebrating a glorious anniversary." That was the speech that raised a question about the value of "bill-of-rights democracy." Fortunately, even in politics, fashions change!

Charges Communists Dupe Fascism Enemies

A warning against subversive forces operating in the West Coast area was issued on April 24 by Dr. John R. Lechner, Executive Director of the Americanism Educational League.

The Communist party in Los Angeles is taking advantage of the war crisis, he asserted, to enlist the support of both workers and prominent citizens, in the belief that they are helping to fight Fascism. He pointed to appeals for party members carried in expensive newspaper advertisements and to other propaganda methods, such as direct canvasses in certain Los Angeles districts, and the presence of Communist front members on the executive board of one of the "Committees for the Care of Children in War-time."

"This group has enlisted the support of several prominent citizens on what is called the 'Professional Advisory Council.' I doubt whether these people understand they are being made dupes for a Communist program.

"In one of the recent entertainments conducted to raise money for the 'Committee for the Care of Children in War-Time,' three Communist pictures were shown on the way the Soviet Union takes care of its children.

"This was coupled with propaganda to induce the American people to adopt the State control of children in America."

Borrowings On Life Insurance In Advance Of Income Tax Lower

Only half as many policyholders borrowed on their life insurance in the two weeks before March 15, the date for payment of the first instalment of the Federal income tax, as borrowed in the same period of 1942, according to the Institute of Life Insurance. The number of cash loans in these two weeks was 48% below the number of such loans in the corresponding weeks of 1942 despite the increase in tax rates and in the number of people paying Federal income tax for the first time. The Institute, under date of April 15, also pointed out:

"The record, made at a time when substantially increased borrowings were to be expected, tends to confirm the fact that life insurance is regarded as one of the more permanent forms of savings and that people borrow on their insurance only in case of extreme emergencies. Not all of the loans during the period, of course, were made to provide cash for income tax payments.

"There is, however, a clear indication that the obligation of meeting income taxes causes some policyholders to borrow on their insurance. As compared with January and February of this year, the rate of borrowing in the first two weeks of March was 27% higher. A year ago there was a similar increase, although not so large, proportionately, being only 12%."

According to the Institute, the over-all trend of borrowing in 1943 thus far, as compared with the same period of 1942, remains substantially lower. It adds:

"While the number of those borrowing in the first two weeks of March of 1943 was 52% of those who borrowed in the same two weeks of 1942, for the year thus far the number of persons who have borrowed is 47%. This continued downward trend in the number of borrowers from life insurance companies, reflects the improved financial status of American families at this stage of the war effort."

The Institute estimates that in the first two and a half months of 1943, at least 200,000 fewer applications were received for cash loans on policies by the life insurance companies than a year ago. If the rate of decrease is continued for the balance of the year, this will mean that only about 1,000,000 cash loans will be made on policies in 1943 as compared with more than 2,000,000 in 1942. The Institute points out that these figures embrace only cash advances and do not cover premium loans. It notes, however, that premium loans normally follow the same general trend as cash advances.

PUBLIC SERVICE CORPORATION OF NEW JERSEY

and Subsidiary Companies

Combined Results of Operations

For the Twelve Months Ended December 31—	1942		1941	
SUBSIDIARY COMPANIES—				
Operating Revenues:				
Electric Operations	$ 92,151,679		$ 88,160,613	
Gas Operations	34,104,083		32,119,125	
Street Transportation Operations	40,445,548		29,882,977	
Ferry Operations	691,826	$167,393,136	996,219	$151,158,934
Operating Revenue Deductions:				
Operating Expenses	$ 66,091,728		$ 56,446,763	
Maintenance	12,553,560		11,919,751	
Depreciation and Retirement Expenses	13,219,404		12,320,160	
Total	$ 91,864,692		$ 80,686,674	
Federal Income Taxes	$ 14,155,548		$ 11,338,399	
Federal Excess Profits Taxes	9,184,887*		4,425,203	
Other Taxes	19,195,826		18,638,958	
Total Taxes	$ 42,536,261		$ 34,402,560	
Total Operating Revenue Deductions		134,400,953		115,089,234
Operating Income		$ 32,992,183		$ 36,069,700
Other Revenue	$ 64,504		$ 246,827	
Other Revenue Deductions:				
Expenses	$ 837		$ 973	
Federal Income Taxes	$ ----		$ 19,481	
Federal Excess Profits Taxes	----		1,870	
Other Taxes	4,762		16,202	
Total Taxes	$ 4,762		$ 37,553	
Total Other Revenue Deductions	$ 5,599		$ 38,526	
Total Other Income		58,905		208,301
Gross Income		$ 33,051,088		$ 36,278,001
Deductions:				
Income Deductions:				
Interest on Long-Term Debt	$ 8,267,113		$ 8,077,668	
Amortization of Discount and Miscellaneous Deductions	818,342		828,803	
Appropriations for Reserve and Special Amortization	3,100,000	12,185,455	2,100,000	11,006,471
		$ 20,865,633		$ 25,271,530
Dividends paid to the public:				
Public Service Electric and Gas Company:				
7% Cumulative Preferred Stock	$ 1,113		$ 1,113	
$5. Cumulative Preferred Stock	1,500,000		1,500,000	
Common Stock	15		18	
Lessor Companies	----	1,501,128	2,791	1,503,922
Balance applicable to securities owned by Public Service Corporation of New Jersey		$ 19,364,505		$ 23,767,608
PUBLIC SERVICE CORPORATION OF NEW JERSEY AND SUBSIDIARY COMPANIES CONSOLIDATED—				
Revenues of Public Service Corporation of New Jersey		56,391		169,454
		$ 19,420,896		$ 23,937,062
Expenses and Taxes of Public Service Corporation of New Jersey:				
Expenses	$ 454,667		$ 461,291	
Depreciation	1,200		1,200	
Total	$ 455,867		$ 462,491	
Federal Income Taxes	$ 1,066,023		$ 1,030,283	
Federal Excess Profits Taxes	----		----	
Other Taxes	242,518		284,879	
Total Taxes	$ 1,308,541		$ 1,315,162	
Total Expenses and Taxes of Public Service Corporation of New Jersey		1,764,408		1,777,653
		$ 17,656,488		$ 22,159,409
Income Deductions of Public Service Corporation of New Jersey		1,109,009		1,097,026
Consolidated Net Income after deduction of dividends on capital stocks of subsidiary companies held by the public		$ 16,547,479		$ 21,062,383
Dividends on Preferred Stocks of Public Service Corporation of New Jersey		9,850,936		9,850,936
		$ 6,696,543		$ 11,211,447
Dividends on Common Stock of Public Service Corporation of New Jersey		5,228,033		10,731,226
Balance transferred to Consolidated Surplus		$ 1,468,510		$ 480,221

*Federal Excess Profits Taxes amounted to $10,205,430. This amount has been reduced by credits amounting to $1,020,543, consisting of debt retirement credits of $863,682, and post-war refunds of $156,861.

Problems of National Price Control

(Lecture by Q. Forrest Walker, Economist, R. H. Macy & Co., Inc., at the Delehanty Institute, Division of Advanced Study, the latter part of last month)

Modern wars are essentially battles of production. Victory depends not alone on able field direction and use of men and material, but also upon an increasing flow of superior equipment and supplies to permit heavier and more devastating blows on land and sea and in the air. To win the battle of production, we have converted large sectors of our peacetime facilities; and we have made enormous additions to our plant capacity. An increasing proportion of the entire national output of goods and services goes directly into the war effort; and the amount available for civilian uses is constantly shrinking.

More War Production, More Wages and Profits

To pay for this production, we pour out public funds on a scale never before contemplated. Most of the money is spent directly or indirectly for wages of war workers. Except for savings, bond purchases, taxes and similar uses, war worker incomes are expended for more and better food, clothing, shelter, amusement, etc. Greater war production demands greater expenditures; and the flood of income rises. We recapture part of the income by heavy taxes on individuals and corporations; but this is only a temporary recapture because the tax money is immediately paid out and we find it necessary to borrow new billions.

Q. Forrest Walker

Imperative Need for Price Control

The relative proportion of the national production available for civilian use shrinks as war production rises. The supply of purchasing power rises rapidly when the supply of goods on which it may be expended declines sharply. If such a situation is left uncontrolled, the cost of living soars. Then wages must advance again; and the cost of both war and civilian production rises. This leads, in turn, to more taxes and more borrowing to finance the war. For these reasons every warring nation has found it necessary to exercise stringent control over the prices of goods and services.

Examination of Price Control Principles and Practices

We shall attempt here to formulate some of the principles that underlie sound methods of control, to examine defects and weaknesses in present methods, and to suggest some possible improvements in current price control techniques. It was not without some hesitation that such a plan was decided upon, because the businessman is ordinarily suspect when he discusses price control, and he often has cause later to regret any venture into the esoteric precincts of official price control philosophy.

Price Control Without Coercion

To control millions of prices effectively in a country as large and as populous as the United States is an extremely difficult task. It cannot be accomplished by compulsion, intimidation, or high-handed methods. It cannot be achieved by unreasonable and highly complicated forms of control. Reasonable success can only be obtained by simple systems, administered in the democratic American way. Where so much depends upon the cooperation of producers, distributors and consumers, it is most important that the price control official be fully aware of the need for tact, consideration and judgment. The American businessman does not like to be pushed around nor treated in a pompous, patronizing way by his public servants. The most perfect plan of control will not work if the administration does not inspire confidence. Thus, the first requisite for effective price control is administration that is neither arrogant nor meek; that seeks helpful suggestions; and that knows how to secure cooperation by courteous, efficient and equitable treatment of large as well as small businessmen.

Price Control That Sustains Production and Distribution

It is axiomatic that workable price control systems must be based on sound knowledge of the functions of prices. It is possible to administer prices so as to choke off needed production; or to foster wholly abnormal demand for substitute goods. The great economic art is to set up such controls that prices can perform a large part of their normal functions of encouraging production and distribution of needed goods. The fixed price must permit the reasonably efficient manufacturer or merchant an adequate profit if goods are to be produced and distributed.

If controls are too rigid, and if they are not based on close study of costs and margins, the usual result is to shunt demand for goods into other channels. Low-priced goods tend to disappear when the control ignores profit margins. In Germany, England and other countries under price control there is almost universal complaint that the controls are so severe that low-priced goods cannot be profitably manufactured and distributed. A second requisite, then, of intelligent price control is adequate knowledge of the price structure necessary to sustain the production and flow of goods.

The Need for Historical Approach to Price Control

The more closely price controls follow the customary methods of costing and pricing in a given trade, the greater the likelihood of successful application. The historical price approach cannot be neglected if serious dislocation and disturbance of production and distribution is to be avoided. For many commodities in many trades the price mechanism is just as delicate machinery as interest rates in the money market. When highly arbitrary controls are imposed that run counter to the historical experience of a trade, the businessman is confronted with the question of obeying a stupid regulation or committing business suicide. These difficulties do not always seem very important to the distant government controller whose pay check is not interrupted; but they are vital and immediate problems for the businessman. The inter-relationships of prices are so complex and so important that we may properly say that a third requisite of intelligent price control is a scrupulous regard for the historical pattern of price structures.

Need for Simple and Intelligent Price Controls

A fourth requisite of sound price control is simplicity. When orders are drawn in cumbersome legal language, they are not understood and non-observance is widespread. The businessman who can afford to hire lawyers to interpret and translate the orders into business language soon finds that only a handful of his trade is paying any attention to the controls. Simplicity is not solely a matter of clarity of exposition. An official order may be clearly written but still may be too cumbersome for practical application without substantial expense for accounting and control. Price controllers seldom have adequate knowledge of the nature of records that businessmen maintain; and the more inexperienced the controller, the greater the accounting miracles he expects a business to produce. Sometimes price orders may be too simple because they have been drawn solely from the administrative point of view and enforcement would cause irreparable damage to business.

Price Controls and Use of Averages

Knowledge of the proper use and limitations of averages is a fifth requisite of intelligent price control. By its very nature, or definition, an average does not reveal the variations from which it is derived. For instance, average mark-on in a department store business is computed by subtracting total merchandise costs from total retail sales and expressing the difference as a percentage of retail sales. When this average is broken down into its component parts it represents a large number of items with widely varying costs and selling prices. When average retail mark-on is invoked as an instrument of price control, it automatically eliminates the amounts earned at the higher mark-ons; and while it provides some incentive to raise the lower mark-ons, in practice that result can seldom be achieved because of the inertia of trade custom. Many items are sold at low mark-ons because the rapidity of turnover permits the practice; and other items can be stocked only if they can be sold with mark-ons commensurate with their rates of turnover. However useful average mark-on may be to the department store operator as a guide in business administration, it is not and never has been a practical measure for the pricing of individual items.

Dangers of Average Mark-on Controls

The average fixed mark-on ignores the wide differences in the character of services rendered by different merchants, the wide variations in their individual operating expenses, differences in location, differences in managerial ability, and a multitude of other causes of mark-on variation. In all types of business where final net profits are small percentages of net sales, the elimination of the mark-ons above the established control are likely to make drastic inroads on profits. In many cases the elimination may mean the difference between a final profit or loss. Only in very exceptional cases does average mark-on have any proper use as an instrument of price control. Those cases are limited to commodities where the deviation from average is slight, and of no vital consequence in the profit showing of a business.

The Classification Price Control Menace

Another phase of the possible dangerous misapplication of the average principle is the use of classification of business by size of sales and the imposition of fixed mark-ons graded according to sale volume. Classifications give no recognition to the wide dispersion of mark-ons within and between each classification group. Like the average mark-on, they likewise can give no proper weight to enormous differences in the composition of the sellers' businesses. Because of the composition of its stock and sales, a small business may sometimes require a smaller margin than a large business; and the reverse may also be true. The use of such methods stems in part from textbook discussions of marketing problems, and it has scant application to any truly equitable or practical plan of price control. It can do great harm to particular businesses; or it may permit wholly inordinate profit to other businesses.

Flexibility in Price Control

A sixth requisite of intelligent price control is reasonable flexibility. The processes of appeal must be reasonably simple; and decisions to grant or to deny relief must be given without intolerable delays. Patent defects in orders must be promptly corrected without inordinate expense such as committee trips to the central authority, the filing of statistical and legal briefs, and all the enormous impedimenta of bureaucratic check and double-check. Delays in correction are extremely costly to business, and they encourage disrespect for orders. Orders that cannot be modified promptly to meet changing economic conditions are not likely to command broad trade observance.

More Light—Less Heat

A seventh requisite is proper machinery for the distribution of new orders. The businessman cannot ordinarily depend upon newspaper and radio reports for determination of the new requirements imposed upon him. He must be given sufficient time to digest the meaning of an order and to adjust his prices before it becomes effective.

Price Control Without Public Purpose Futile

An eighth requisite is frank recognition that price control is not an end in itself. In other words, if the elements of cost are allowed to advance with little or no restraint, the lid is blown right off any control at the retail or prior levels. We cannot put one part of the economy in a strait-jacket and leave the other part uncontrolled. If price control ignores the need for living profits, it cannot be enforced. If it is so

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crudely devised that its enforcement eliminates large numbers of small businesses and creates financial havoc for large businesses, the whole economic structure of the country is undermined. The control of prices is similar to the control of dynamite. If the control is wisely directed, great good may be accomplished; if it is carelessly handled, there can be serious economic disaster. No public interest is served by elaborate attempts to regulate the prices of goods and services that are of inconsequential significance to the economic life of the country.

Dangers in Foreign Price Control Precedents

Perhaps a ninth requisite is a clear understanding that the precedents of British, German and other foreign controls are not necessarily directly applicable to the American problem. They may sometimes furnish partial guidance; but they are far from the answer to the price controller's prayer. It is one thing to control prices in an area in daily peril of bombing and dependent upon water-borne supplies, and it is quite another thing to control prices in an area naturally rich in resources and free from immediate war perils. The State of Texas alone is nearly as large as the combined areas of England and Germany. The system that will work in an area of 88,745 square miles such as England does not necessarily work in an area of 2,973,774 square miles such as the United States. Differences in racial composition, in climatic conditions, in consumption habits, and in amenability to governmental control are likewise of great importance. Technical advisers not highly trained in American democratic procedures may make grave errors in judging the practicality of controls borrowed from other countries.

A Rapid Appraisal of American Price Control

Such are some of the principles of governmental price control. The list is not complete; but perhaps it may serve as a basis for a running appraisal of some of the accomplishments and some of the failures of American price control.

Initial Price Control Partly Successful

It is not difficult to criticize the hasty patchwork of price control that now blankets the American economic system. The men who have toiled to set up the sprawling framework of economic, political and social compromises that represent our price control system deserve more credit than they will ever receive. Perhaps, at times, their zeal may have outrun their judgment; and perhaps there is not always deep consciousness that price control is a public trust to be administered in the American way. Nevertheless, the fact remains that over the area where the Office of Price Administration has had substantive control for a considerable period, price advances have been moderate in amount. Despite all the economic burlesque, the fumbling for techniques, the confusion of authority and the labyrinth of orders, the public respect for the need of price control is impressive. But the real test lies ahead when low-cost stocks are exhausted; when heavier business expenses are no longer carried by rising volume; and when the existing system must bend or break.

Let's Look at the Record

Prior to February, 1942, selective price control was applied to metals and certain industrial materials by virtue of executive order. The Emergency Price Control Act of 1942 did not become effective until February, 1942; and in May, 1942, General Maximum Price Regulation No. 1 was promulgated. The most recent official study of the effectiveness of price control indicates that most of the rise in commodity prices since August, 1939, occurred prior to February, 1942. Between August, 1939, and February, 1942, the Bureau of Labor Statistics index of wholesale commodity prices advanced from 75 to 96.7, or about 29%. Since February, 1942, the index has risen from 96.7 to 102.5, or approximately 6%. In the first period the index advanced about nine-tenths of 1% per month; and in the period since February, 1942, the advance has been at the rate of one-half of 1% per month. In the earlier period farm products and foods rose more rapidly than manufactured products, and in the later period manufactured products advanced only 1.5% while farm products rose 18% and food products about 12%.

The reasons for the failure to impose price controls on farm products need not be detailed here. It will suffice to say that the responsibility does not rest upon the Office of Price Administration. Mr. Leon Henderson made many vehement protests about rising food and wage costs, and not until October, 1942, was there any progress in this direction.

General "Max" and Food Price Control

The General Maximum Price Regulation became effective in May, 1942. It exempted from control raw and unprocessed agricultural commodities, eggs and poultry, most milk products, mutton and lamb, dried prunes, dried edible beans, live stock, and some other food items. About 34% of the wholesale foods were brought under control; and retail ceilings were imposed upon most processed foods. This created extremely difficult problems for food distributors. They were frozen in on March ceilings while basic costs remained largely free from control. Despite vigorous protests the Office of Price Administration brushed aside pleas for compensation of the "lag" between basic costs and wholesale and retail prices; and promised relief if it were later needed. After long delay it was forced into a complicated system of "permitted increases" for a wide range of processed foods. No small part of the dislocations and troubles in the processed foods industries can be attributed directly to the treatment accorded these products under this order.

Sham "Trade Consultations"

Under the price control statute, the Administrator is required to consult with trade groups as far as may be practicable before he issues a price order. Before the General Maximum Price Regulation was issued, an extremely able group of retail merchants representing a substantial part of the nation's retail trade were asked to consult and advise with the framers of the order. Practically no attention was paid to their recommendations for consideration of adjustment for the "lag" between wholesale and retail prices, for a more selective approach to price control, for adoption of the traditional trade percentage mark-ons, for restriction of price control to essential items and similar matters. In practical effect, the best brains of the retail industry were treated like kindergarten pupils in a price control nursery where overnight "experts" had assumed to solve the most difficult of wartime economic problems.

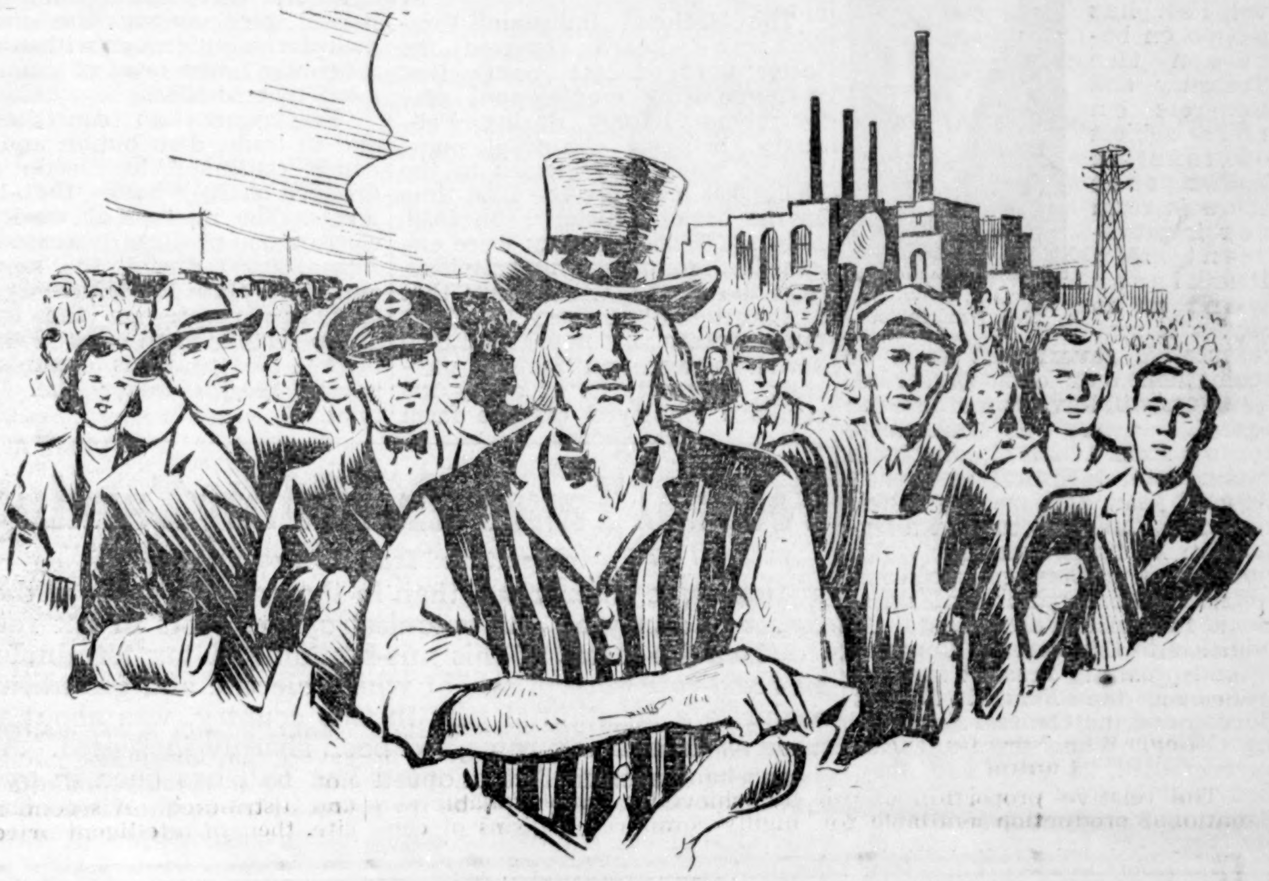
Price Control By Blunder Techniques

This attitude toward the businessman still persists. There have been many subsequent "statutory conferences," but few of the trade experts who attend them have any delusions about their purpose. They know that these conferences are not really part of a democratic precess, that the real aim is not to seek guidance from the experienced men of industry and trade, that their suggestions are merely to be listened to with politeness and that the whole system is laregly a sham because the decisions have already been made and frequently the formal order is already in the printer's hands. The obvious technique is to make business laws without bona fide prior consultation with trade authorities, to engage in obtuse gestures toward the democratic process, to issue orders that cannot represent profound, informed consideration and to depend upon the backwash of trade anger and protest to force intelligent and workable modification. Obviously, such tactics have done much to undermine business confidences, and to impede effective price control.

Price Control By Bureaucratic Caprice

It was the apparent intent of Congress in Section 2(h) of the Emergency Price Control Act of 1942 to make clear that the grant of price control powers was not a mandate to a new Federal agency to remake the production and distribution structure of the country according to the dream of some planner of the world tomorrow. Congress stipulated that customary methods of costing and pricing were to be preserved. But no fair-minded student of the vast array of pricing orders disgorged by this agency in thousands of pages of the Federal Register can fail to be impressed by the bureaucratic abandon with which customary methods have been discarded, hacked apart and generally vitiated to serve various fancy theories of price control. More than a score of pricing methods, mostly wholly alien to customary practice, have been set up; and moreover, they have been embellished with statistical frills of doubtful practical value. The basic requisite that a sound sys-

(Continued on page 1671)



"CLOSE RANKS! ROLL 'EM UP!"

"Close ranks! Roll 'em up!" . . . that's the order of the day if we are to keep our gas and electric production lines rolling so our boys can "keep 'em flying."

Nearly every day, along with many other American industries, we find new gaps in our company ranks caused by people leaving to join our armed forces or some other branches of government service. War knows no distinction but reaches into executive, commercial and production departments alike.

But when the gaps are left they are promptly closed up as our remaining workers . . . "soldiers of the production line" . . . step in, roll up their sleeves, and do their part to keep things moving as efficiently as possible.

True, certain services must be curtailed . . . deliveries of merchandise made on regular trips, service calls and meter connections scheduled and possibly meters read less often . . . but despite long hard days public utility employees still "serve with a smile."

The gas and electric industry has always been fraught with problems . . . the summer hurricane or the winter's icy wrath . . . and now as then under the stress of war the slogan is "Close up ranks and roll 'em up!" for victory both over our problems and our Nation's enemies.

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Queens Borough Gas & Electric Company
Kings County Lighting Company
Nassau & Suffolk Lighting Company
Long Beach Gas Company, Inc.

Parkinson Urges Congressional Control Of Revenue And Appropriation Of Public Funds

Declares Treasury Could Then Give Attention To Government Financing Operations

In view of the difficulties which Congress has been facing in drawing up and considering wartime tax legislation, what this country needs is a Department of National Revenue which would combine in one set-up the Bureau of Internal Revenue and other revenue agencies of the Treasury Department, according to Thomas I. Parkinson, President of the Equitable Life Assurance Society, who advocated this move in an address presented at a meeting of the New York City Control of the Controllers Institute of America, held last Friday in the Hotel New Yorker.

T. I. Parkinson

Declaring that "anyone at all familiar with the muddling which has gone on between the Treasury and Congress on this subject of taxation knows that there is room for improvement," Mr. Parkinson went on to say. "If representative government is to be strengthened or even preserved, Congress will have to increase the agencies under its immediate control from which it can obtain factual and technical assistance. Several years ago, moving in this direction, Congress created a legislative drafting service which now furnishes Congressional committees with expert legal assistance in drafting enactments. In addition to this service, Congress should promptly reassert its control over the Federal Budget Bureau and the General Accounting Office. When these agencies were created, 20 years ago, they were intended to operate under effective Congressional control, but they are far from that today."

"The furnishing of information essential to wise legislative control," Mr. Parkinson continued, "has been part of the function of the executive departments of the Government, but it is unfortunately a fact that for several years the executive departments have furnished such information grudgingly, or in a competitive way. The political competition which exists between the executive departments and Congress at the moment is nothing new, but such competition should not be allowed to impair the capacity of Congress to get the information which it needs."

He added:

"Congress should—and must—keep control both of the sources and methods of collecting revenue and of the allotment or appropriation of public funds. It should control the accounting by which all Government agencies are kept within the purpose and the amount of the appropriations granted to them by Congress. These revenue, budget and accounting agencies, when once brought under the direct control of Congress, should be administered by non-political, experienced legislators who should be required to attend all meetings of the revenue and appropriation committees of both houses of Congress when revenue and appropriation measures are under consideration. It is only by such organization that the representatives of the people, through their committees, can secure the information essential to wise legislative control.

"Under such a reorganization, the Secretary of the Treasury would be relieved of a mass of tax detail, and would be free to devote his energies to the tremendous task of financing the huge operations of the Federal Government and the fiscal policies upon which the financial, economic and social lives of the people depend."

Mfg. Employment At Peak Of 16 Million

The National Industrial Conference Board reported the latter part of last month that manufacturing employment rose by about 160,000 during February, bringing the total number at work in factories to the 16,000,000 level for the first time in the nation's history. In 1939, only 10,000,000 workers were engaged in manufacturing activities, says the Board, which adds that at that time 31 of every 100 civilian workers in nonagricultural activities were on factory payrolls. Currently 38 of every 100 civilians employed off the farm are factory workers.

The Board's announcement further said:

"Total employment during February rose by fully 900,000. Including men in uniform, the total number employed rose to 58,500,000, or nearly 8,000,000 more than a year ago. During these 12 months about 5,000,000 found employment in the military services, while a little less than half this number were added in manufacturing plants. Farm employment, however, was nearly 100,000 less than in February, 1942.

"As in previous months, gains in factory employment were confined primarily to the heavy industries, particularly the transportation and machinery groups. Total employment in nondurable goods fell off slightly with small gains in the apparel field failing to offset a lower level of employment in the food industries. Leather, textiles, apparel and paper were among the major manufacturing groups with a significantly lower level of employment than in 1942.

"Employment in construction and in trade, distribution and finance continued to recede and dropped sharply below 1941-1942 levels. The number at work on construction projects decreased by fully 200,000 during the month, and was a sixth lower than in the past two years. In the trade group employment was 350,000 below the previous year and nearly 200,000 under the 1941 total."

Federal Taxes And Utility Earnings

(Continued from first page)

of fixed rate enterprises, than in the previous year, without resort to annoying and vote-destroying boosts in tax rates.

But the effect of this mis-branding of tax terminology on fixed-rate enterprises, of which electric and gas utilities comprise a substantial part in this country, was about the same as though tax rates had been sharply increased. And since the Revenue Act adopted last Fall has been in operation for all of 1942, due to its retroaction to the first of the year, its effect on utility earnings is susceptible of fairly accurate measurement.

Accordingly, the questions with which this comment is concerned are: (1) How have utilities fared under the 1942 Revenue Act; (2) What effect has this labeling of normal profits as "excess profits," and the taxing of them as such, had on the gross incomes of holding companies and operating utilities; and (3) What measure of relief might be accorded them, and all other forms of corporate enterprise, without decreasing the flow of revenues to the Federal Treasury?

To use Al Smith's famous expression, "Let's look at the record." The annual reports of eight utility holding companies, and the annual reports or year-end income accounts of 37 operating utilities, have been received to date. Since we are interested primarily in increases in gross revenues received by utilities for services rendered in relation to increased taxes of both the Federal and non-Federal variety, and the effect of taxation on the balance of earnings remaining to reward the capital embarked on the enterprise, suppose we confine our consideration of these reports to those phases.

During 1942, the eight utility holding companies did $68,078,614 more business than in 1941. That's the increase in reported operating revenues, from which all related costs had to be met—the year-over-year increase in gross receipts from all services rendered. But in 1942, Federal tax gatherers alone grabbed $44,000,808 more than they did in the previous year. As a result, Federal taxes consumed 64.6% of the increased revenues received during 1942. Taxes, moreover, assessed by State and local governments increased in the aggregate by $3,000,472, with the result that the combined tax bill of these eight holding companies totaled $47,001,280 more in 1942 than in the year before. That's equivalent to an even 69% of their increased operating revenues, which means that after they had paid their taxes they had but 31% of increased revenues left with which to pay the increased labor, fuel and material costs of rendering this added service. In addition they had to pay the hire of capital invested during the year in new facilities out of this 31%.

The individual experiences of these holding companies, however, differed widely. For instance, Columbia Gas & Electric's boost in Federal taxes alone was 180.0% of its increased operating revenues, while that of American Gas & Electric was 112.6%. And when their total tax bills are considered—Federal, State and local—Columbia's tax increase was equivalent to 173.0% of increased revenues, that of American Gas & Electric 111.2%, Southern California Edison's 106.5%, and Niagara Hudson Power's 100.8%.

These are just the holding companies examined, more than 100% of whose increased gross revenues were appropriated by tax collectors during 1942. And largely as a result of this increase in governmental exactions, seven of the eight holding companies suffered losses of from 14.5%, in the case of Southern California Edison, to 4.2% in the case of Columbia Gas & Electric, in gross income, as compared with 1941. Only American Water Works & Electric of the eight under review reported a gain in gross income—a mere $80,170, equivalent to about 1% of the 1941 figure. But in the aggregate, the eight holding companies reported $19,987,183 less gross income in 1942 than the year before—a drop of 8.8%. As you may have noted from the foregoing figures, the over-all tax bills of American Gas & Electric and of Columbia Gas & Electric were lower than their Federal tax bills. This was due to a decline from 1941 levels of State and local exactions.

Turning now to the 37 operating utilities examined, we find that much the same conditions existed. Collectively, they did $55,853,879 more business last year than the year before, but of this increased gross revenue, which represents the amount they collected, before any expenses of rendering service were paid, over and above the sum collected in 1941, expanded Federal taxes absorbed $43,637,422, or 77.3%. Moreover, their aggregate State and local taxes increased $2,098,752, which brought their increased taxes, levied by all authorities in 1942, to $45,736,174 more than in 1941. That's a tax increase of 81.9% of increased gross receipts, and due largely to that boost in taxes, their aggregate gross income, available to pay the wages of capital they employ, was $15,313,017 below the level of the previous year, or a drop of 7.8%.

But the increase in governmental exactions assessed against operating utilities in 1942 over 1941 showed a much wider variation, when matched against increases in gross receipts, than was true of holding companies. Until a more horrible example comes to notice, Carolina Power & Light has the doubtful distinction of being the most sinned-against utility in the country, taxwise, on a comparison of increased taxes with increased gross revenues. Where its 1942 operating revenues—the dough it collected from its cash customers—exceeded those of 1941 by a mere $194,153, its Federal taxes were $1,694,207 higher than in the preceding year, equivalent to 872.5% of its increased receipts, while its total tax bill was $1,800,962 above 1941, or 927.4% of the boost in dollars collected. Considering Federal taxes alone the increase over 1941 in ratio to increased operating revenues was:

Carolina Power & Light	872.5%
Idaho Power	221.1
Detroit Edison	193.8
Peoples Gas Light & Coke	187.5
Boston Edison	128.3
Kansas City Power & Light	123.6
Montana Power	117.8

These are the operating utilities under examination whose increases in Federal taxes exceeded their increases in operating revenues during 1942. In addition, five more companies came close to the mark. These were:

Philadelphia Electric	98.6%
Pacific Power & Light	97.6
Pennsylvania Power & Light	94.6
Union Electric	81.2
Consumers Power	77.7

Much the same condition exists—the ratio of increased taxes to increased operating revenues—when the total tax bills of the 37 operating utilities are considered. This will be evidenced by the following tabulation:

Carolina Power & Light	927.4%
Idaho Power	289.7
Peoples Gas Light & Coke	210.4
Detroit Edison	194.2
Boston Edison	144.8
Kansas City Power & Light	114.4
Montana Power	114.0
Philadelphia Electric	98.6
Pennsylvania Power & Light	92.6
Union Electric	86.3
Pacific Power & Light	81.3

Although each of the 37 operating utilities examined had higher Federal taxes in 1942 than in 1941, ranging from the previously noted 872.5% of increased gross revenues for Carolina Power & Light to 0.6% for Dallas Power & Light, 12 of the 37 utilities enjoyed 1942 rate reductions in State and local taxes from their previous year's levels. That this was not of benefit to all of them, from an earnings standpoint, is evidenced by the fact that while 12 of the 37 operating companies reported higher gross incomes in 1942 than in 1941, only six of the 12 companies enjoyed lower State and local taxes.

It will be apparent from the foregoing that the effect of the current Revenue Act, which is based on the calling of black cows red, has been to absorb the greater part of electric and gas utility increased operating revenues—the total increase in dollars collected from customers for service rendered, before any item of expense has been deducted—and not the "excess profits" which the Secretary of the Treasury talked about in early March of last year. In fact, none of the utilities examined, whether of the holding or operating variety, earned an excess profit in 1942, in the honest meaning of that term. It would appear, then, that while the Secretary of the Treasury "sweet talks" the voters for the record, the Administration's true purpose is to get the dough, no matter what the ill effect may be on fixed-rate and regulated enterprise.

The tax record of these 45 utilities in 1942, moreover, approximates the pattern of taxation for the entire electric power and light industry, as will be seen from the following tabulation of year-over-year increases in gross revenues, Federal taxes and local taxes, expressed in millions of dollars:

Year	Increased Operating Revenues	Increased Federal Taxes	Per Cent Increased Taxes of Increased Revenues*	Increase in all Taxes	Per Cent Increased all Taxes of Increased Revenues*
1942	$155	$116	74.8	$117	75.5
1941	225	104	46.2	107	47.6
1940	132	50	37.8	59	44.3
1939	103	15	14.6	29	23.2

*Percentages of complete figures, not nearest million.

As you will see from the foregoing tabulation, the entire privately owned electric light and power industry in the United States had more than three-quarters of its increased operating revenues—the total sum it collected for added service rendered—siphoned off by tax gatherers last year, leaving it but 24.5% of that increase in dollar receipts with which to cover the costs of labor, materials, supplies and depreciation, plus the hire of $482,000,000 of new capital invested during the year to expand service facilities. Yet this is the industry, according to a funny little Congressman from Mississippi, that is "overcharging" the electric consumers of this country "a billion dollars a year."

One of the major flaws in the present Revenue Act is that it results in double taxation. Corporate profits, it will be noted, first are taxed in full, and at severe rates, while still in the hands of the corporation. Then, that proportion of earnings distributed to investors in the form of dividends is taxed again. Obviously, this taxing of corporate profits before distribution is taxation of stockholders without regard for their ability to pay. The 10-share holder of meager income is assessed at the same rate as the 1,000-share owner with an income in six figures.

If, however, the Revenue Act was amended to permit corporations to credit 50% of all dividends paid on preferred and common stocks against their normal and surtax liabilities, not only would the strain on corporate finances be greatly relieved, but more liberal dividend policies would result. And since these distributed earnings would be taxable in the hands of recipients at higher rates, on the average, than those assessed against corporations, the flow of badly needed revenue to the Federal Treasury would be accelerated. Adoption of this plan, moreover, would eliminate, in part, the evils of double taxation, while stockholders would be taxed more in line with their abilities to pay.

This proposal is not new. It was submitted to the Senate Finance Committee last Fall. But, possibly, like the case of the Ruml plan, because the Treasury Department didn't think of it first, it didn't receive much consideration. Yet, it is deserving of added study by our constructors of tax legislation.

To be sure, these men, with innumerable pressure groups on their necks, and with a sincere desire to do justice to all our complex interests, did render some measure of relief to utilities in the 1942 Act, in the form of credit for 100% of the dividends paid on their preferred shares, but with no credit whatever for common stock dividends. Now, with the unfairness of the present levies on fixed-rate enterprises demonstrated, both the Senate and the House should appraise with avidity, considering the temper of the taxpayers, the merits of this proposal.

And why not? It will afford badly needed relief to both private enterprise and stockholders alike, while, at the same time, increasing the flow of revenues to the Federal Government. After all, they're out for the money, aren't they?

Problems Of National Price Control

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tem of control should follow traditional costing and pricing patterns has been often substantially ignored.

Intelligible English—No Translators Needed

After many months of protests, some progress has finally been made in improving the draftsmanship of official orders. For the most part, the newer orders are in clear and direct language; and businessmen without extensive legal education can read and understand their meaning. Many of the methods of control are cumbersome; but, at least, it is now possible to know what the basic objective of an order is. The expense of translating official orders into operating language has been materially reduced. There will be less failure to observe orders because the meanings were not clear. An important beginning has been made, but the clarification of past mistakes will be a long and tedious process.

That Classification Hocus-Pocus Again

Perhaps the most dangerous tendency now is the apparent official belief that the solution of the complexities of price control lies in wide resort to classification of businesses by size of annual sales and the application of fixed percentage margins to broad groups of merchandise within each classification. Classification is a useful device for observing certain basic characteristics of business enterprises, and it has a proper place in the teaching of the principles of marketing. However, when it is seized upon as a great discovery for the regulation of prices it can do incalculable harm to the business structure of the country.

Theorists On A Food Pricing Rampage

In Maximum Price Regulation No. 238, for instance, all the retail food distributors of the country are divided into five classes according to their annual sales volume. Fixed mark-ups are then established for each class of retailer and each broad class of food product. Any food retailer selling more than $250,000 per year is automatically classed with the super-market, drive-in type of retailer and must use the mark-ons of that class regardless of the services he renders or the differences in the types of foods he sells. The price controllers are gradually discovering that the regulation cannot be applied without doing great injury to particular classes of retailers who sell specially selected food products that are not standardized in quality, taste and consumer preference. Relief is promised, but in the meantime the quality grocer suffers a substantial and unnecessary hardship. Like the "average man" the "average food distributor" is a statistical figment of the controlling agency.

Price Control In Ready-To-Wear With New Tucks And Frills

In Maximum Price Regulation No. 330, the Office of Price Administration has achieved considerable improvement over prior methods of controlling the prices of ready-to-wear at retail, but here again we find the bold assumption that the key to intelligent price control is resort to grand averages. Under this order, the retailer is required to find the average mark-on realized in the base period on the greatest quantity of garments sold in a given cost-price line. This is the average mark-on that he must apply to all subsequent purchases at the same cost price line. Actually, the greatest quantity method of determining mark-on is designed to reduce his customary mark-on, for the greatest quantity is always sold at the lowest mark-on. Moreover, if the application of this calculated mark-on produces a price which is higher than the highest March, 1942 price, the penny excesses must be lopped off as dangerous inflationary menaces.

Quick Henry!—Flit For Price Control Irritants

We cannot be here concerned with the minutiae of particular price orders; but permeating the great gangling structure of price control, one finds enormous tortuous efforts to achieve microscopic price regulation. There is little practical judgment as to the merit of minute restraints; and the price orders are replete with wholly useless business irritants for which there seems to be no handy administrative Flit. Practical businessmen know that operational wastes of minor significance are only controllable at inordinate expense. They ignore them and concentarte on the important problems. The perfectionists in price control have not yet learned this simple business principle.

Tilting With Administrative Windmills

Any businessman who has battled alone or with his trade group for the modification of some unsound principle in a price regulation finds himself merely a valiant Don Quixote tilting with enormous administrative windmills. Weeks sometimes elapse before a respectful query is answered; and, more often than not, the answer will contain some homily on the perils of inflation and occasionally a reminder that the country is now at war. We are slowly beginning to realize that price control cannot be successfully administered unless the processes of amendment and specific relief are liberalized. Individual price adjustments have been denied since Nov. 30, 1942; many of these appeals have not yet been processed; and the rules governing their adjustment seem to be unnecessarily meticulous and severe. Just how a healthy civilian production and distribution structure adequate to serve the needs of 125,000,000 or more civilians can be preserved without sound appeal procedure is not clear.

Price Control Information Eventually

The businessman who earnestly seeks to cooperate with his Government in observing the price orders is confronted with many difficulties. He may get his first inklings of new controls over the radio, or in brief reports in the business press. Considerable periods elapse before the new orders are printed in the Federal Register and reproduced in the reporting services to which he subscribes. Frequently, there are long delays before his district control office can give him helpful and precise advice. It is not unusual to find that official orders cannot be obtained until several days after their effective dates. Sometimes they are not even printed until long after their effective dates. The advance publicity is often badly handled, and tends to accentuate the very difficulties that controls seek to correct.

Price Control And Political Glory

As already suggested, it is not difficult to engage in caustic criticism of present methods of price control. Much of the difficulty is inherent in the magnitude and complexity of the problem. It is unfortunately true that the individual who accepts responsibility for the administration of the price control system is not likely to enhance his political fortunes. He touches the pocketbook nerves of millions of citizens. He faces a task that requires great intestinal fortitude, tact and keen judgment of the practical limits of price control. A large part of the pressures for increased prices are wholly beyond his control. Impartial appraisal is perhaps impossible under the stress of war, and dependable judgments of achievement must await the economic historian of the future.

Price Control Remedies

However, intelligent price control is a vital necessity and mere criticism without constructive suggestion serves no public purpose. Only the bare outlines of possible improvement can be here sketched.

The Protection Of The Home Front

It is abundantly clear and now

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COLUMBIA GAS & ELECTRIC
CORPORATION

COLUMBIA SYSTEM

Principal Operating Companies

BINGHAMTON GAS WORKS
THE CINCINNATI GAS & ELECTRIC COMPANY
THE DAYTON POWER AND LIGHT COMPANY
THE MANUFACTURERS LIGHT AND HEAT COMPANY
NATURAL GAS COMPANY OF WEST VIRGINIA
THE OHIO FUEL GAS COMPANY
THE UNION LIGHT, HEAT AND POWER COMPANY
UNITED FUEL GAS COMPANY

War Damage Insurance Earnings Should Revert To Policyholders, ABA Urges In Resolution

Adoption by the War Damage Corporation of a policy whereby the net earnings of the corporation will ultimately revert to its policyholders, either through remission of premiums or refund of remaining surplus left at the end of the war, has been urged by the American Bankers Association, it was revealed on April 22. The A. B. A. Executive Council at its meeting held in New York City on April 12 adopted a resolution containing this recommendation. This resolution pointed out that the protection of property against war damage is a national responsibility and should not be operated as a profit-making enterprise. The resolution is as follows:

"Whereas, The War Damage Corporation was created to provide insurance against losses of property resulting from enemy attack, and

"Whereas, protection of property against war damage is a national responsibility, and

"Whereas, the War Damage Corporation should not be operated as a profit-making enterprise; therefore be it

"Resolved, That in the opinion of the Executive Council of the American Bankers Association the net earnings of the War Damage Corporation should ultimately revert to its policyholders, either by remission of premium and/or a refund of any surplus remaining at the end of this war."

In presenting the resolution to the War Damage Corporation, the ABA, through its Insurance and Protective Committee, urged that announcement of such a policy should have a reassuring effect on property owners and that it should help to stimulate sales and encourage renewals of their policies by property owners.

Problems Of National Price Control

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publicly admitted that there is need for a strong independent office of civilian supply. It must arbitrate the needs of the armed services and the needs of the civilian economy. It must organize and regulate the flow of materials to the end that the maximum war effort is exerted with the least serious damage to the civilian economy. It is a gigantic job in over-all organization for total war.

Civilian Industries Must Live

In price control, there must be recognition that the costs of production cannot continue to advance without blowing the lid off price controls. There must be proper readjustment for the enormous distortions inherent in an economy that has functioned for many months partly free and partly subject to rigid price controls. The new "Hold-the-Line" executive order does not abolish the need for these readjustments. If it is necessary to permit adequate profit in war industries to attain maximum production and to build reserves for peace, there must be equal recognition that advancing costs in civilian enterprise necessitate sufficiently liberal price control programs to maintain the civilian production and distribution structures and fortify them for the severe periods that lie ahead. It is not necessary to have uncontrolled domestic prices to achieve this end; and, in fact, it cannot be achieved without proper price controls. The price level today is not much greater than it was in 1926 and properly controlled advances need not create economic catastrophe.

Streamlined Controls

Apart from the whole question of other fiscal controls, it is doubtful if any agency of price control can function effectively for any considerable period when it can exert no control over the supply of goods or the demand for them. Rationing may regulate demand, but it cannot do anything about supply. The price control function wholly divorced from supply and demand must encounter ever-increasing difficulties. This suggests that economic controls must be streamlined; that price control is properly an important but subsidiary adjunct to individual and separate agencies with broad regulatory powers over the production and distribution of foodstuffs, clothing and shoes, shelter, fuel and such other basic divisions of the economy as the exigencies of the war may require.

Individual Percentage Item Mark-On Control

The great complexity of distribution price structures suggests that a wide variety of complicated formulae are not workable devices. The simplest and the most workable system of retail price control is dependence upon individual percentage item mark-on of each seller in a selected base period, preferably the year 1941. When and if such a plan is ever adopted, administrative effort can then be concentrated upon fair and equitable controls at the manufacturing level. This is not an easy problem, but it is far less complicated than far-flung attempts to regulate the vast price structure of distribution by an elaborate system of intricate orders.

Mink Coats, Grand Pianos And Bread With Butter

Since the big problem of price control is to restrain the advance in the cost of living of the bulk of the population, it would be most desirable to abandon price controls of luxuries and semi-luxuries. Mink coats, grand pianos, fine china, most jewelry, hand-tailored suits, high priced ready-to-wear, expensive furniture, caviar, truffles and a wide range of other items can be left free from price restraint without endangering the national program. The really important problem is to hold the cost-of-living within a reasonable range. We can ill afford to dissipate administrative energy and manpower in controlling the prices of inconsequentials of wartime living. High prices for luxuries and semi-luxuries will perform their natural functions of restraining demand.

The Need For Local Appeal Boards

The whole process of appeal and relief from unfair restraints must be modified. It must be handled on a regional or district basis, and be vested in the hands of appeal boards that will command the confidence of industry and the consuming public. We cannot expect such intricate questions to be handled by an administrative agency far removed from the problem and not equipped to give judicial appraisal of the applicant's needs.

Price Control In The American Tradition

Finally, price control must be a great cooperative effort. We cannot put a policeman at each point of sale. Enforcement must depend upon the willingness of business and the consuming public to work for the common good in the face of a great emergency. In essence, this means that price control must be a democratic procedure, conceived and administered in the great American tradition.

Whose Goose?

SEC Disintegration Policy Ruinous to Many Investors

The course of disintegration of utility holding companies favors the speculator. It works this way. A company decides to buy in certain debentures, bonds, or preferred stocks. It requests permission from the SEC. Its intent is public knowledge from the documents. The Commission, molasses-like in the speed of its thinking except on matters where its bureaucratic future is at stake, cogitates, while speculators speculate. And when the permission is given, the smart people have bought up the bonds from the uninformed, or else have their tenders in ahead, and reap the profit. Disintegration offers halcyon possibilities for good guessers to fish profits out of troubled waters, with the widow and orphan again on the short end.

A curious reflection on official wisdom appears in the Commission's attitude toward capital simplification under Section 11-B-2 of the Utility Act. The Commission has for some years been registering indignation about the arrears of dividends outstanding on many preferred stock issues. And of course there are two policies the Commission can take, in such cases, which offer a nice opportunity for doing good at somebody else's expense. It can follow either the contractual principle or the composition principle. In other words it can either see that preferred stockholders get their promised rights, in which case common stockholders are forever out in the cold, or it can compose the matter and give the common stockholders a little something anyway. The first is the principle on which the Interstate Commerce Commission has acted in the case of the bankrupt railroads. The second is the underlying principle of Sections 75, 78, and notably 77-B of the Federal Bankruptcy Act as amended in 1933.

By 4 to 1 in the International Hydro case and 3 to 2 in a recent decision, the Commission has followed the composition principle of 77-B. The common stockholders are to get at least something.

This is not to argue the relative merits of the two principles. That is for better minds. But the pundits of Washington seem strangely at odds, for there is a striking contrast between the ICC's view, recently supported by the Supreme Court in the Northwestern case, which bans the common stockholders forever to outer darkness, where there is wailing and knashing of teeth, and the SEC's majority view, which clips the preferred stockholders of some of their rights. The SEC, in the authentic manner of the bureaucrat, has tried to avoid responsibility for any consistency, by saying that liquidation is not bankruptcy, but it comes to the same so far as the results go, and the contradiction is an amusing light on the alleged superiority of the bureau mind.

For consumers of power, including people who buy it to read by, the result is bound to be higher rates or fewer reductions in rates. The SEC has consistently refused to consider as pertinent the lower rates charged by holding company subsidiaries, except in a recent puerile speech before the "New School of Social Research" by its latest Utility Division head, mixing up the irrelevant matters of holding company capitalization and subsidiary company rate structure. Disintegration will make integration economies more difficult, and wipe out the economies possible in holding company management.

Disintegration is giving the Commission's Philadelphia lawyer fledglings a temporary career of kicking experienced utility lawyers around, hauling them down to Philadelphia and hearing, reviewing, correcting, re-writing, and otherwise pawing over legal documents. Fortunately, as the days pass the demise of the New Deal is indicated more and more. However, if the SEC had its way before the last utility holding company was wound up, they would welcome the power to tackle the equally destructive task of breaking up General Motors, U. S. Steel and other holding companies in the industrial field.

In any event, as things stand now, the SEC is making the investments of many widows and other investors a gone goose.

Immediate Adoption Of Spending Tax To Replace Income Tax Urged By Economists

Irving Fisher and William Vickrey Present Plan In Columbia Law Review

A far-reaching change in our tax system was urged by Irving Fisher, Professor Emeritus of Economics at Yale University, former President of the American Economic Association, and William Vickrey, senior economist of the United States Treasury Department, in a symposium in an issue of the "Columbia Law Review," a publication of the Columbia University Law School.

Dr. Fisher, while pointing out that one of the advantages of the spending tax is that it can be adopted gradually, would prefer to have it adopted fully at once, in place of the present income tax. Mr. Vickrey, whose opinions are stated to be his own rather than the Treasury Department's, would levy the entire wartime increase in taxation on the middle income classes in the form of a spending tax.

"A spending tax is a progressive tax based on the amount which individuals spend for personal consumption," Mr. Vickrey explains. "Exemptions are provided to protect from tax those maintaining only a minimum standard of living, and rates become heavier as the level of spending becomes such as to indicate a more luxurious level of outlay." He goes on to say, in part:

"When drastic tax increases are necessary, an increase in the form of spending tax will be much less disruptive of individual life insurance plans and other fixed forms of savings than an increase in the form of an income tax. There may even be a good case for replacing a portion of the present income tax with a spending tax. Practical considerations, however, may militate against the use of the spendings tax at low levels of income, and as long as exemptions must be pushed to low levels, the income tax or a refundable levy based on income may well be the most expedient method of reaching the large number of taxpayers to be found there.

"Whatever the merits of the spending tax as a permanent tax, the need for such a tax under present circumstances is both obvious and pressing. There is no question of the need for stimulating saving now by every known means. Moreover, the wartime advantages of the spendings tax are not confined to its effect on savings. When tax rates reach such high levels at fairly moderate incomes as will be necessary for an adequate fiscal program, it becomes important that the incentives to productive effort be preserved as far as possible.

"Because of the shortage of consumer goods, it is difficult or even impossible to offer substantial incentives in the form of additional goods for immediate consumption without impairing the standard of living of those barely at the minimum levels required for efficient work. With a spending tax program it is possible to offer such incentives in the form of claims to future consumption goods without the rigidity involved in a program of compulsory lending or expenditure rationing.

"The spending tax can also be used as a flexible form of expenditure rationing, and can produce a degree of equality of immediate sacrifice which is impossible under the income tax. No income tax, however severe, can prevent the wealthy from maintaining an unduly high standard of living by drawing upon capital, and the income tax will impinge to a minor extent if at all on retired persons and others who normally are in the course of living off their capital. A spending tax, on the other hand, can make luxury spending in a period of emergency almost prohibitive, and thus conserve resources to promote efficient production.

"In the immediate post-war period gradual reduction of the high spending tax rates may well be one of the most effective methods of controlling the flow of purchasing power so as to avoid either post-war inflation or slump. While probably most of the present advocates of the spending tax look to the gradual abolition of this tax as conditions return to normal, the balance of considerations may well be in favor of retaining it."

Wider Social Aid In Post-War Era Urged By Secretary Perkins

If we think now of the objectives that will help to lighten the load of the peace that must be won through "blood and sweat, toil and tears," we can hold on to the victory that is going to cost us so much, said Secretary of Labor Frances Perkins in New York on April 29.

Frances E. Perkins

Speaking at the 31st annual meeting of the Children's Welfare Federation, an organization of 250 member groups, Miss Perkins urged the Federation "to drive ahead as hard and toward providing the essentials of community care for your children as you see their need."

The foregoing is from the New York "Times" of April 30, which gave Miss Perkins's further remarks as follows:

"There are three things we want," she said. "One is the chance to work and to produce the goods that human beings need. The second is security from adversity when the chance to work is cut off.

"Then we want a chance for every one to equip himself and increase his capacity to function as a productive member of society, able to enjoy a share of its amenities. For this we must have more and a higher level of community services.

"Not even a high level of employment guarantees that all families are secure," she said. "Even in 1942, according to OPA estimates, one out of every five families had an income of less than $20 a week.

"We want, and must have, security for people against the common hazards which we cannot provide against by ourselves. We must provide for access by every citizen to the absolute necessities of life."

Miss Perkins said her experience as Chairman of the President's Cabinet Committee had shown her that what we must do is "extend and develop our social insurance program to cover all workers."

"The contribution rate for the kind of social insurance system I have in mind would, at the outset, be about 10% of payroll," she said. "This would be shared equally by workers and employers. For the first 10 years of such a system, there would be no necessity for the Government to contribute out of general revenues, since receipts would exceed disbursements. However, when the total cost began to exceed 10%, as increased old-age retirement benefit rights built up, the Government could well pay for the excess until eventually there would be equal tripartite distribution of cost."

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Ralph Lowell retired from partnership in Clark, Dodge & Co. on May 1. Mr. Lowell made his headquarters at the firm's Boston office.

John F. Garvey retired from partnership in La Branche & Co. on April 30.

S. H. Fessenden, partner in F. S. Moseley & Co., Boston, Mass., died on April 27.

The Securities Salesman's Corner

How About A Housecleaning In the Sales Department!

There is something about the Springtime that suggests to all of us—clean up, get a new start, get going again. It's no wonder that Spring is the conventional time for housecleaning, so let's look around in the "sales department" and see what we can do that will bring renewed life and efficiency into our work. This Spring it looks like prospects for increased business are better than has been the case in many years—our working tools should be in ship-shape condition so that we can make the most of our opportunities.

Here are some suggestions for a "housecleaning" in the sales department:

PROSPECT FILES:

SALESMEN'S PROSPECT CARDS should be checked and all prospects that are no longer suitable for a place on the **active list** should be eliminated. Many times salesmen will continue to make calls upon prospects that have become deadwood. Get them out of the files, stop wasting time on them, replace them with new names that may hold promise of business.

PROSPECTS SHOULD BE SWITCHED FROM ONE SALESMAN TO ANOTHER. This is often productive of business because it is a well-proven fact that one salesman may be able to do business with a qualified prospect where another has failed. If possible hold a general sales meeting and make a reshuffle of names between members of your sales organization.

LISTS OF HOLDINGS SHOULD BE GONE OVER CAREFULLY AND RECHECKED, BOTH FOR SALES IDEAS AND ACCURACY. If a master holding file is kept then it is a good idea to go through the entire list and cull out all the situations that have radically changed their status (either from good to bad, or vice versa) and list them for action upon the part of the salesmen who have customers interested in these items. Many times a planned campaign that will produce very good results can be based upon specific situations held by prospects and clients—besides this gives the salesmen a sound, businesslike reason for making a call.

MAILING LISTS:

It is not difficult to keep a mailing list up to date providing someone is specifically charged with this duty, and a simple system of making additions or deletions is in use. Many organizations, however, continue to send extensive mailings to numerous prospects that an analysis would show they could never hope to do business with. Again, many times salesmen add names to their own personal files that are not placed upon the firm's mailing list. Salesmen's active prospects should have first place on every mailing list—they represent the most important source of immediate business. All worthwhile names directly being contacted by the sales force should have the backing of personal mailings, standard mailings and all other advertising literature that is directed toward creating confidence and good-will.

YOUR IDEA DEPARTMENT:

This is our own pet department—but it is also where the cobwebs can accumulate in every well-run sales department, even at times when we are not aware that a housecleaning is needed. It's the easiest, most natural sort of thing to see how many sales organizations go along from week to week and never realize that they are getting deeper and more completely into a rut day after day.

One sound, creative "selling idea" that has some imagination behind it, can do more to improve sales production than any other thing you can bring before your salesmen as an incentive and a stimulant. It can be a new security, a special situation, a new method of prospecting, a mail campaign for new leads, a bonus and incentive arrangement for increased production, or any of scores of other ideas along this line that are specially suited to your own territory, your organization, and your own policies of conducting your business.

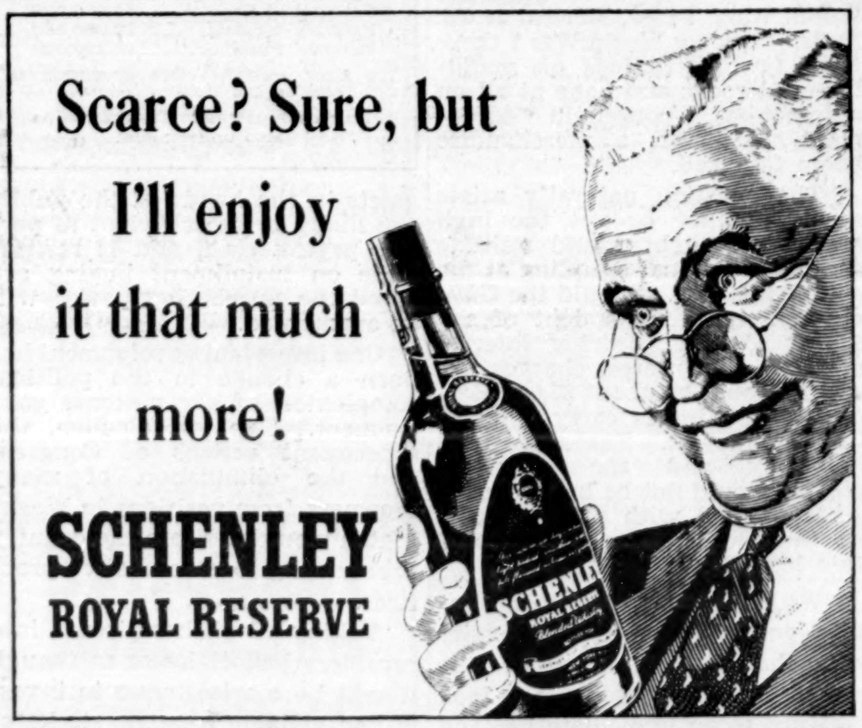
Dunnagan With Newhard

(Special to The Financial Chronicle)

ST. LOUIS, MO.—Francis A. Dunnagan, formerly with Smith, Moore & Co. for many years, has become affiliated with Newhard, Cook & Co., Fourth and Olive Streets, members of the New York and St. Louis Stock Exchanges.

Fagan To Admit Cunniff

Melvin Cunniff will become a partner in Fagan & Co., 41 Broad Street, New York City, members of the New York Stock Exchange, as of May 13. Mr. Cunniff will acquire the New York Exchange membership of the late Arthur Corlies.



60% grain neutral spirits. Blended whiskey, 86 proof. Schenley Distillers Corporation, N. Y. C.

Investment Trusts

(Continued from page 1664)

an analysis of the stock market. Expressing uncertainty as to nearer term fluctuations, the bulletin concludes as follows: "Common stocks can be purchased and held in the confident expectation of satisfactory longer term investment experience, in view of the fact that at present prices in relation to current earnings, dividends and interest rates, and particularly in the light of favorable post-war industrial prospects, the investor is not paying a premium for whatever protection equities might afford against ultimate inflationary manifestations."

* * *

North American Securities Co. has reprinted Barron's Investment Trust Gauge for the period ended March 31 and is distributing it together with copies of a new folder "Solving Today's Investment Problems." Since the performance of this sponsor's Commonwealth Investment Company, as measured by the "Gauge," is tops for the four-year period ended March 31, 1943, North American Securities may be considered to speak with authority on the solution of investment problems.

* * *

Quarterly Income Shares, Inc., which some years back utilized earlier charter amendments to discontinue repurchase of its own shares at asset value, has recently announced that it will henceforth redeem shares at 80% of asset value. The announced purpose of this offer is to place a floor under the price of the shares in relation to asset value. Sales of new shares of this fund were discontinued eight years ago. **Marketability of open-end investment company shares being offered today is guaranteed at approximately net asset value by charter provisions and by the Investment Company Act of 1940.**

* * *

Dividends

New York Stocks, Inc.—Payable May 25 to stockholders of record May 5, 1943, as follows:

NEW YORK STOCKS, INC.— Special Stock	Amount of Dividend Per Share
Agricultural Industry Series	$.17
Alcohol & Dis. Industry Series	.18
Automobile Industry Series	.10
Aviation Industry Series	.35
Bank Stock Series	.13
Building Supply Industry Series	.12
Business Equip. Industry Series	.22
Chemical Industry Series	.12
Electrical Equip. Industry Series	.13
Food Industry Series	.18
Government Bonds Series	.00
Insurance Stock Series	.16
Machinery Industry Series	.24
Merchandising Series	.18
Metals Series	.19
Oil Industry Series	.11
Public Utility Industry Series	.09
Railroad Series	.15
Railroad Equip. Industry Series	.20
Steel Industry Series	.17
Tobacco Industry Series	.25

He can smile through it all

So let's keep a smile a-going back here, too.

Even though war is crowding the wires, telephone people still want to give you pleasant, friendly service. Materials for new telephone facilities are not to be had. But there's no shortage of patience and understanding.

Takes a lot of pulling together to do this and we appreciate the help from your end of the line.

BELL TELEPHONE SYSTEM

WAR CALLS COME FIRST

Your continued help in making only vital calls to war-busy centers is more and more essential every day.

WAINWRIGHT, RAMSEY & LANCASTER

Consultants on Municipal Finance

Announce the removal of their office to

70 PINE STREET NEW YORK

New Telephone Number: WHitehall 4-3540

TOWNSEND WAINWRIGHT
J. BASIL RAMSEY
HERBERT D. LANCASTER*
(*In United States Navy)

April 30, 1943

Municipal News & Notes

Examination of the income and expense statements of 22 projects operated by housing authorities in various sections of the country, whose fiscal year ended Sept. 30, 1942, shows that the projects had an aggregate surplus of $633,858 for the period. This balance is after payment of all operating expenses, provision for debt service on outstanding bonds and allowance for reserves for repairs, maintenance and replacements, vacancy and collection losses. The surplus will be applied toward reduction of the next succeeding FPHA annual contribution to the various authorities.

The report was issued by Milton Mallin, chief financing attorney of the FPHA, along with announcements of the scheduled sales on May 5 and May 12 of certain housing note issues totaling $21,570,000. It reveals that the 22 projects had total income for the last fiscal year of $4,305,468, of which $2,493,424 represented net dwelling rentals, $40,280 other income and $1,771,764 consisted of annual contributions by the Federal agency.

Total expenses before reserves was $3,182,071, of which $1,870,525 constituted debt service charges, as follows: $980,500 for redemption of publicly-held series A bonds, $77,183 for interest on such indebtedness, $635,453 interest paid on series B bonds, all of which are held by FPHA, and $177,389 set aside as a reserve to meet future interest and principal payments. As $434,091 was set aside as a reserve to cover repairs, etc., this increased the total expenses item to a figure of $3,616,163.

The following tabulation shows the total income (including FPHA contributions which are separately listed) of each project for the fiscal year ended Sept. 30, 1942, total expenses, including debt service and reserves for repairs, etc., the respective balances to be applied toward reduction of the next FPHA annual contribution and the amount of Series A bonds retired:

Project—	Total Income	FPHA Contrib.	Total Expenses	Balance	Series A Redemp.
Phenix City, Ala.	$124,148	$44,760	$106,266	$17,590	$25,000
Phoenix, Ariz.	154,353	54,390	129,191	20,284	30,000
Bridgeport, Conn. (1-1)	664,986	218,748	500,274	160,075	123,000
Bridgeport, Conn. (1-2)	233,256	81,640	204,734	27,106	45,000
New Britain, Conn.	130,470	44,370	104,809	20,686	24,000
Daytona Beach, Fla.	18,419	6,480	15,686	2,240	3,000
Marietta, Ga.	67,290	26,460	57,007	7,728	14,000
New Orleans, La.	1,659,046	760,800	1,439,989	208,592	426,000
Lowell, Mass.	203,248	89,040	175,323	25,894	50,000
Biloxi, Miss.	80,658	31,440	59,913	16,864	17,000
Hattiesburg, Miss.	63,481	25,230	55,480	6,722	13,000
Beverly, N. J.	25,452	10,710	20,883	3,741	5,000
Charleston, S. C.	223,769	100,446	184,839	*35,099	57,000
Spartanburg, S. C.	69,759	26,490	57,478	10,144	14,000
Jackson, Tenn.	53,879	21,420	46,802	5,687	11,000
Nashville, Tenn.	235,078	101,015	198,473	32,383	55,000
Brownsville, Texas	15,908	5,310	13,599	1,826	2,500
Waco, Texas	61,946	26,194	52,091	9,694	14,000
Hopewel, Va.	24,226	9,540	19,833	3,621	5,000
Wheeling, W. Va.	62,661	37,800	58,320	2,798	20,000
Williamson, W. Va.	30,844	13,260	26,321	3,702	7,000
Honolulu, Hawaii	102,481	36,225	88,842	11,369	20,000

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*An additional sum of $28,265 derived from sale of excess lands will also be applied to reduction of the next FPHA contribution to the project.

Winter Haven, Fla., Calls Bonds; Deferred Interest Coupons Held Invalid

W. W. Jamison, City Manager of Winter Haven, Fla., directs attention to the fact that all outstanding callable bonds of the city were called for redemption on April 1, 1943, and that interest on the bonds ceased to accrue as of that date. Mr. Jamison's recent statement that funds for redemption of the bonds were available on the call date and remain available indicates that many of the bonds have not as yet been presented for payment. This apparently may be due to the fact that two previous calls had to be rescinded because of the filing of suits against the city "at the last moment" pertaining to the bonds in question.

The City Manager also advises that in the 1933 refunding by the city, a deferred interest coupon was attached to each bond, which was to be payable at the maturity of the bond. The validity of such coupons, he says, has always been questionable, and in several similar cases they were declared by the Florida Supreme Court to be invalid.

In a suit relative to the Winter Haven deferred interest coupons (Andrews vs. City of Winter Haven, 3 So. 2nd 805), the Supreme Court specifically declared that the coupons were invalid, according to Mr. Jamison. Subsequently, a suit filed in the Federal District Court, also an appeal taken to the U. S. Circuit Court of Appeals for the Fifth District, at New Orleans, La., were both dismissed. As a result of these rulings, Mr. Jamison reports, "it is apparent that the invalidity of these (Winter Haven) deferred interest coupons has been definitely established, and hence they cannot be paid."

Stating that the new refunding plan will result in an annual interest saving to the city of from $30,000 to $40,000, the City Manager reported that Winter Haven had a cash surplus of $98,772 in its debt service account as of March 31 last, after providing for April 1, 1943, interest charges and with only five months of the current tax roll collected.

The cash surplus, the City Manager continued, "is more than sufficient to pay debt serv-

(Continued on page 1679)

Tomorrow's Markets Walter Whyte Says——

EDITOR'S NOTE—Owing to a delay in transmission the article bearing the above caption, which was to be received by telegraph this week, was not available up to the time of going to press. It will be given in our issue of Monday, May 10.

Sees Equity Stock Purchases as Buying Power Increases and Consumer Goods Diminish

In an interesting circular entitled "What's Ahead?" Price, McNeal & Co., 165 Broadway, New York City, concludes from a survey of trends that investment in non-callable common stocks of companies of an essential nature for long-term holding may be a wise move.

The difficulties now standing in the way of decisions regarding investment policies are many and confusing, the firm declares, but if the proper conception of fundamentals is reached one can deduce therefrom and arrive at important decisions. "Reflecting upon recent developments," the circular states, "we find that the public was surprised at what has happened, but that was due to the fact that no distinction was made between current and former conditions. . . .

"The experiences of 1914, the post-war period of 1919-1921, and the boom and collapse of the late '20s are vivid recollections. It is important, therefore, to check thoroughly underlying conditions and trends in order to determine where they differ from those of former periods. The changes have been amazing and they will play a significant part in the immediate future."

Recent reports disclose a reduction in the public's outstanding indebtedness and a tremendous increase in "disposable income," Price, McNeal & Co. states, and if the present trend continues the result will be a steady increase in the buying power of the public; as these funds increase and the supply of manufactured goods diminishes, the public is most likely to turn to securities and real estate to satisfy the urge to keep its funds working, with equity stocks becoming more and more popular as the trend further develops and inflation is recognized.

"The basis for a merchandise boom after the end of this war is far broader than after the First World War," Price, McNeal & Co. finds. "During World War I there were few restrictions on manufactured goods and none at all on automobiles, household equipment, etc., still a merchandise boom followed.

"The question naturally arises as to whether or not the high government debt would militate against individual spending at the end of this war. Should the Government build up a debt of say $200,000,000,000, bearing interest at 2½%, the interest charges annually would be about $5,000,000,000. Some issues carry a lower rate of interest. Taxes are paid quarterly and the quarterly charge should not be burdensome. As compared with private debts on the books at the end of 1929 this load should be bearable.

"With a scarcity of merchandise, and in view of the necessity of rehabilitating most of the world, it seems reasonable to look forward to an immediate demand for machines, automobiles and goods of all descriptions. Cash assets in the hands of the public are likely to be sufficient to permit paying cash, and if restrictions on installment buying are lifted the purchasing power will be augmented.

"One important development has been a change in the political complexion of our national government. The last election, the subsequent actions of Congress and the elimination of many dreamers from positions in Washington would indicate the country is returning to conservative practices.

"Taking all of these trends into consideration, it looks as though it will be a wise move to invest in non-callable common stocks of companies of an essential nature and wait it out."

Royal Bank of Scotland
Incorporated by Royal Charter 1727

HEAD OFFICE—Edinburgh
Branches throughout Scotland

LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1

TOTAL ASSETS
£98,263,226

Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand

BANK OF
NEW SOUTH WALES
(ESTABLISHED 1817)

Paid-Up Capital £8,780,000
Reserve Fund 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000

Aggregate Assets 30th Sept., 1941 £150,939,354

SIR ALFRED DAVIDSON, K.B.E.,
General Manager
Head Office: George Street, SYDNEY

The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea and London, it offers the most complete and efficient banking service to investors traders and travellers interested in these countries.

LONDON OFFICES:
29 Threadneedle Street, E. C.
47 Berkeley Square, W. 1
Agency arrangements with Banks throughout the U. S. A.

NATIONAL BANK of EGYPT

Head Office Cairo
Commercial Register No. 1 Cairo

FULLY PAID CAPITAL . £3,000,000
RESERVE FUND £3,000,000

LONDON AGENCY
6 and 7 King William Street, E. C.

Branches in all the principal Towns in
EGYPT and the SUDAN

NATIONAL BANK of INDIA, LIMITED

Bankers to the Government in Kenya Colony and Uganda
Head Office: 26, Bishopsgate, London, E. C.
Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar

Subscribed Capital £4,000,000
Paid-Up Capital £2,000,000
Reserve Fund £2,200,000

The Bank conducts every description of banking and exchange business

Trusteeships and Executorships also undertaken

DIVIDEND NOTICES

Atlas Corporation
Dividend No. 27
on 6% Preferred Stock

NOTICE IS HEREBY GIVEN that a dividend of 75¢ per share for the quarter ending May 31, 1943, has been declared on the 6% Preferred Stock of Atlas Corporation, payable June 1, 1943, to holders of such stock of record at the close of business May 14, 1943.

WALTER A. PETERSON, *Treasurer*

April 29, 1943.

Borden's
COMMON DIVIDEND
No. 133

An interim dividend of thirty cents (30¢) per share has been declared on the outstanding common stock of this Company, payable June 1, 1943, to stockholders of record at the close of business May 15, 1943. Checks will be mailed.

The Borden Company
E. L. NOETZEL, *Treasurer*

EATON MANUFACTURING COMPANY
Cleveland, Ohio

DIVIDEND NO. 73

The Board of Directors of Eaton Manufacturing Company has declared a dividend of Seventy-five Cents (75c) per share on the outstanding common stock of the Company, payable May 25, 1943, to shareholders of record at the close of business May 10, 1943.

April 28, 1943

H. C. STUESSY,
Secretary-Treasurer

OTIS ELEVATOR COMPANY

PREFERRED DIVIDEND NO. 178
COMMON DIVIDEND NO. 142

A quarterly dividend of $1.50 per share on the Preferred Stock and a dividend of 20¢ per share on the no par value Common Stock have been declared, payable June 21, 1943, to stockholders of record at the close of business on May 25, 1943.

Checks will be mailed.

C. A. SANFORD, *Treasurer*

New York, April 28, 1943.

Esso

The Board of Directors of the
STANDARD OIL COMPANY
(Incorporated in New Jersey)

has this day declared the following dividends on the capital stock, payable on June 15, 1943, to stockholders of record at close of business, twelve o'clock, Noon, May 15, 1943:

Regular semi-annual cash dividend of 50¢ per share; and

Extra cash dividend of 50¢ per share.

Checks will be mailed.

A. C. MINTON, Secretary

May 3, 1943

Attractive Situations

Preferred and common stock of Muskogee Co.; H. H. Robertson; and common stock of Cornell Dubilier offer interesting possibilities according to circulars issued by Buckley Brothers, 1529 Walnut Street, Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of these circulars may be had from Buckley Brothers upon request.

NY Title and Mtg. Ctfs. Series C-2 Interesting

Seligman, Lubetkin & Co., Incorporated, 41 Broad Street, New York City, have prepared an analysis of series C-2 first mortgage certificates, originally issued and guaranteed by New York Title and Mortgage Company.

Copies of this analysis may be had from Seligman, Lubetkin & Co. upon request.

Helmuth With Otis & Co.

(Special to The Financial Chronicle)

MILWAUKEE, WIS.—Paul M. Helmuth has become associated with Otis & Co., whose main office is located in the Terminal Tower, Cleveland, Ohio. Mr. Helmuth was formerly with Mason, Moran & Co. and the Milwaukee Company.

Says Moscow Plans To Dominate Poland

William Henry Chamberlin, former Moscow correspondent of The Christian Science Monitor, said on April 29, according to New Haven advices to the New York "Times" that the rupture between Russia and the Polish Government in Exile indicated the Soviet would not tolerate any regime in Eastern Europe that would not take orders from Moscow. It is added in the advices that in an address on Soviet foreign policy at Yale University Mr. Chamberlin said Russia sought frontiers including Eastern Poland, Latvia, Lithuania, Estonia, Bessarabia and Northern Bukovina.

NOTICE TO BONDHOLDERS

To The Holders Of

First Mortgage 3½% and 4% Gold Bonds of the

BOSTON TERMINAL COMPANY,

NOW IN REORGANIZATION:

The undersigned have organized as a Committee to act in the interest of the holders of the above bonds and to solicit the deposit of such bonds under a Bondholders' Deposit Agreement, pursuant to authority of the Interstate Commerce Commission.

The Committee solicits deposits from all the holders of bonds of the Boston Terminal Company, large and small. No plan of reorganization has as yet been prepared or filed by the Committee. It is the purpose of the Committee to promote and secure a plan for the reorganization of the Boston Terminal Company which will fairly and fully protect the interests of the bondholders.

Persons desiring to deposit their bonds with the Committee or to obtain further information concerning the Committee and its plans should communicate with Tracy R. Engle, Secretary, 63 Wall Street, New York, N. Y.

FRANK & GONNET
39 Broadway, New York, N. Y.
TYLER & REYNOLDS
One Court Street,
Boston, Mass., Counsel

Bernhard Benson, *Chairman*
Frederic P. Radcliffe
Tracy R. Engle
Edward F. Swenson
Pierre R. Bretey

The Public National Bank and Trust Company of New York
37 Broad Street, New York, N. Y., *Depositary*

To the Holders of

Tennessee Coal, Iron & Railroad Company

General Mortgage 5% Gold Bonds
Due July 1, 1951

The undersigned hereby offers to purchase on or before July 1, 1943, for retirement, any and all of the above described bonds at 125% of their principal amount, (or $1,250. for each $1,000. bond,) together with interest thereon at the coupon rate to July 1, 1943.

Said bonds should be presented at the office of **United States Steel Corporation, Fiscal Agent, Room 1606, 71 Broadway, New York, N. Y.,** with coupons due July 1, 1943, and all subsequent coupons thereto attached, accompanied (unless the owner be a domestic corporation,) by Federal income tax ownership certificates with respect to the said July 1, 1943, installment of interest. Bonds so presented which are registered must be accompanied by proper instruments of assignment and transfer duly executed in blank.

Since bonds so presented will be surrendered to the company for retirement, no Federal transfer tax will be incurred.

This offer expires July 1, 1943.

Tennessee Coal, Iron & Railroad Company
By C. R. SEXTON, *Treasurer.*

Birmingham, Alabama, April 30, 1943

Real Estate Securities

(Continued from page 1660)

was over $12,000 higher than that of 1941. It should take very little additional rental of space or increase in rental to make up this small difference of $9,000.

At the current offering price a yield of over 12% is obtainable. Assuming we use 6% of this for interest return and amortize our cost with the other 6%, it will bring our cost of the bonds down to 31% by 1946. If at that time the bonds are only able to pay 4%, they will still show a very high yield at their amortized cost, and there is always the hope that rental conditions may continue to become better as they have in the past year, and the interest rate of 5% can be maintained. It must also be kept in mind that in addition to 5% interest currently payable 1% per annum additional is payable in amortization. It would seem reasonable to expect a continuation of these payments through May, 1946.

All in all, the intrinsic value of these first mortgage certificates would indicate a good speculation at current market prices.

Notice of Redemption of all

COMMERCIAL INVESTMENT TRUST CORPORATION

Convertible Preference Stock
$4.25 Series of 1935.

NOTICE is hereby given that COMMERCIAL INVESTMENT TRUST CORPORATION has, by due corporate action, called for redemption on June 30, 1943, all of the shares of its Convertible Preference Stock, $4.25 Series of 1935.

Certificates for the above-mentioned shares will be accepted for redemption at The Chase National Bank of the City of New York, Corporate Agency Department, 11 Broad Street, New York City, upon due surrender at any time after April 30, 1943 and prior to the close of business on June 30, 1943, at $110.00 per share plus an amount equivalent to accrued dividends at the quarterly rate of $1.0625 per share from April 1, 1943 to the date of redemption.

Conversion Privilege

Convertible Preference Stock, $4.25 Series of 1935 may, at the option of the holder, be converted at any time until the close of business on June 30, 1943, into shares of the fully paid and non-assessable Common Stock of the Corporation, as such Common Stock shall be constituted at the time of such conversion. The conversion rate is 1½ shares of Common Stock for each share of Convertible Preference Stock, $4,25 Series of 1935, without any adjustment with respect to dividends. Certificates should be presented, duly endorsed or accompanied by proper instrument of transfer, to the Corporation at the Central Hanover Bank and Trust Company, 70 Broadway, New York City, Transfer Agent for the Corporation's Common Stock, or at The Chase National Bank of the City of New York, Stock Transfer Department, 11 Broad Street, New York City, Transfer Agent for the Convertible Preference Stock, $4.25 Series of 1935.

Every holder of Convertible Preference Stock, $4.25 Series of 1935 who has not exercised his conversion right prior to the close of business on June 30, 1943 is called upon to surrender to the Corporation, at The Chase National Bank of the City of New York, Corporate Agency Department, 11 Broad Street, New York City, his certificate or certificates representing all of his shares of such stock. From and after this date (unless default shall be made by the Corporation in payment of the redemption price), all dividends on such shares shall cease to accrue and all rights of the holders thereof as stockholders of the Corporation, except to receive the redemption price, shall cease and determine, and such shares shall not be deemed to be outstanding for any purpose whatsoever.

Comment on Conversion

The quoted closing market price of the Common Stock, on April 23, 1943 was $37.375 per share. Therefore, a stockholder who converts Convertible Preference Stock, $4.25 Series of 1935, into Common Stock at this level would receive 1½ shares of Common Stock with a market price of $56.0625, as compared with the cash redemption price of $110. per share plus accrued dividends. In order for the market price of the 1½ shares of Common Stock to be equivalent to the cash redemption price of the Convertible Preference Stock, $4.25 Series of 1935, the market price of the Common Stock would have to be in excess of $73. per share.

By order of the Board of Directors:

S. B. ECKER, *Secretary*
COMMERCIAL INVESTMENT
TRUST CORPORATION

Dated: April 30, 1943.

Dominion of Canada
All Issues

Bought—Sold—Quoted

Wood, Gundy & Co.
Incorporated
14 Wall Street, New York
Bell System Teletype NY 1-920

Canadian Securities

By BRUCE WILLIAMS

A clearcut picture of what has happened to Canadian corporations in the matter of production, profits and taxes since the beginning of the war is available from a recent "Financial Post" survey. Although comparative figures on wartime increases in wages and prices are tactfully omitted from the study, it is obvious from the data that stockholders in Canada are facing a somewhat similar situation to the one confronting the owners of industry in this country.

Starting at the top of the "combined" income statement for the 127 Canadian corporations covered in the survey, we find that production in 1942 rose 102.3% over the 1939 figure. But taxes were up 330.2%, while net profits were down 2.6% and dividends paid to stockholders were down 3.0%. National income during this three-year period rose 63.0%.

These various items are tabulated by the "Financial Post" as follows:

NET PROFITS DROP BEHIND

		%
1942 Against 1941		
Net profits	down	3.5
Dividends	up	2.0
Taxes	up	20.9
National income	up	15.4
Production	up	34.2
1942 Against 1939		
Net profits	down	2.6
Dividends	down	3.0
Taxes	up	330.2
National income	up	63.0
Production	up	102.3

Taxes and profits based on "Post" study of 127 companies; production and dividends based on December indexes.

What the survey does not mention is that the cost of living in Canada since the outbreak of war in 1939 has risen 16%. Thus, the position of the stockholder in the national economy has suffered considerably more than the net decline of 3.0% in dividends received would indicate. Not only has the stockholder failed to participate in the sharply increased national income, but the purchasing power of his 1942 dividends amounts to only about 83% of the purchasing power his 1939 dividends had.

However, before we commence feeling sorry for the Canadian stockholder it might be well to consider the situation in this country. Although Canada has been at war almost three times as long as we have, the cost of living here has advanced nearly twice as much as it has north of the border. This means a corresponding decline in the purchasing power of the American stockholder's dividend dollar. By comparison, the Canadian stockholder has much to be thankful for.

As might be expected, the earnings and dividend records of the 12 major industry groups repsented in the survey cover a wide range. Four of the groups, iron and steel, merchandising, pulp and paper, and textiles, showed gains in net profits last year over 1939. The largest gain was in the depressed pulp and paper industry, an increase of 82.7%. The iron and steel industry was in second place with a gain of 23.5%, while merchandising and textiles showed gains of 22.9% and 3.3% respectively. Eight groups reported losses ranging from 0.2% for public utilities to 29.9% for oil refining companies.

Year-by-year comparisons for each group are given in the following tabulation:

SUMMARY OF TAX AND PROFIT CHANGES

	Taxes			Net Profits		
	1942 over 1941 %	1942 over 1940 %	1942 over 1939 %	1942 over 1941 %	1942 over 1940 %	1942 over 1939 %
Banks	+28.7	+29.3	+102.5	—5.5	—5.7	—11.1
Beverages	+42.5	+13.0	+387.0	—5.5	+17.8	—0.6
Construction	+35.5	+86.5	+403.7	+5.9	+22.4	—2.1
Foodstuffs	+69.4	+129.5	+271.4	+12.1	+13.4	—15.2
Iron and Steel	+52.8	+187.6	+893.5	+0.1	+18.4	+23.5
Merchandising	+125.5	+266.2	+652.4	+2.0	+14.1	+22.9
Metals	—0.2	+37.8	+272.3	—4.6	+4.8	—3.5
Miscellaneous	+27.1	+113.3	+293.9	—8.7	—2.0	—6.4
Oil refining	—11.8	+32.6	+155.4	—8.1	—18.5	—29.9
Public utilities	+41.2	+95.3	+288.0	+3.6	+10.2	—0.2
Pulp and paper	—37.0	+1.3	+682.8	—15.8	—4.7	+82.7
Textiles	+36.3	+139.1	+626.7	—2.2	+23.2	+3.3
Totals, 127 companies	+20.9	+77.6	+330.2	—3.5	+3.3	—2.6

Railroad Securities

(Continued from page 1661)

lieved to represent amounts due from the Government for transportation services. The receivables were just about sufficient to cover all current liabilities, including accrued taxes.

There was a wide increase in earnings in the first quarter and even without any further year-to-year gains during the rest of the year the company would be able to report more than $40,000,000 available for charges in 1943 Actually there should be between $47,000,000 and $50,000,000 available this year. If this is so, the company should end the year with net cash or equivalent in excess of the present market value of its entire non-equipment debt. It is little wonder that rail men are enthusiastic over the outlook for Seaboard bonds when such resources may be used for continuing debt reduction.

Donald A. Stutson Dies

Donald A. Stutson, representative of Greene & Brock, Dayton, Ohio, investment dealers, died unexpectedly at the age of 54. Mr. Stutson entered the investment business in 1919 with the National City Bank of New York. In 1933 he joined the firm of Greene & Brock.

W. E. Moss Dead

William E. Moss of W. E. Moss & Co., Detroit, Mich., member of the Detroit Stock Exchange and the last of the seven founders of the Detroit Exchange, died at the age of 82 while on a business trip to Boston. Mr. Moss had conducted his own investment business since 1895.

ABA To Present Stabilization Plan

(Continued from page 1658)

countries."

Mr. Hemingway also undertook to discuss the banking situation in the United States and the Government's drives for raising funds incident to the expenditures for war activities.

As to the part our country "must play in the post-war period," Mr. Hemingway had the following to say:

"However much we may differ among ourselves as to methods, I assure you that we are unanimous in the determination that we shall discharge the great obligation that rests upon us in a way that we believe will do the most to restore the nations of the world to a sound economy in which men and women of our own country, and all others as well, will have the greatest opportunity that has ever come to them to achieve happiness.

"As a young country, we have not the experience that many of the older creditor countries acquired through the centuries, but we have at least the advantage of the energy and the courage that comes with youth. We will make mistakes, of course, but I am sure that they will be in the administration of our plans, which will improve with time, and not with the large program. No doubt many months, perhaps years, will be needed to perfect our plans. The crystallization of public opinion in our own country will be necessary and, of course, many interchanges of views must be had with nations allied with us in the war.

"Already, the English plan of Lord Keynes and the American plan of Mr. White have been published and are being studied. In a country where freedom of thought and of speech are still permitted, there will naturally be many plans proposed by many people, and there will be much discussion. There will also be an American Bankers Association plan. Our committees are already at work, and I feel sure that after a careful investigation of the various angles of the subject, a program will be suggested that will add much to the study of this subject because, after all, it is a matter upon which bankers are experts. In time the blueprints will be finished, and a strong foundation will be laid on which can be erected in the years to come a structure designed to carry forward international trade and well-being.

"On one thing I think I may say we are already in unanimous agreement, and that is that the reestablished currencies of the world must be firmly fastened to gold. To you in a country where the free gold market has long been maintained, it must be reassuring to hear that banking opinion in the United States is determined that gold must be the foundation on which any plan for cooperative effort to restore world trade must rest.

"In this connection, I want to congratulate your country on its maintenance of a free market for foreign exchange without import quotas and other restrictions on trade during a period when more and more countries were following the opposite course.

"Of course, no plan of currency stabilization can be maintained in the long run in the face of prohibitive trade barriers which make it impossible for importing countries to sell their own products in sufficient quantities to pay for what they buy. However, I am happy to point to the policy that was advanced under the able and farsighted leadership of our present Secretary of State, Cordell Hull, whose Reciprocal Trade Agreements program shows the world that we are sincere in trying to do our part to promote the free flow of trade. The trade agreement recently arranged with Mexico marked the twenty-fifth such trade treaty concluded, and I am satisfied that as time passes and we see the benefits flowing to both countries from it this program will be extended.

"It is my firm conviction that the establishment of peace based upon the principle that a revival of the trade of the world is necessary for the well-being of its people will usher in a period of great development. Supported by a sound financial system, science and industry will enable mankind to earn the greatest reward it has ever secured in return for its labor—and in this bright future Mexico and the United States will go forward to great destinies together."

THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY

Howard S. Palmer, James Lee Loomis, Henry B. Sawyer, Trustees

Treasury Department

New Haven, Connecticut
April 28, 1943

NOTICE TO HOLDERS OF CERTAIN BONDS AND DEBENTURES OF THE N. Y. N. H. & H. R. R. CO.

Pursuant to authority of the United States District Court for the District of Connecticut under Court Order No. 694, and subject to the terms, conditions and reservations contained in that Order, funds will be available on and after **MAY 8, 1943**, for the payment of interest for the periods and upon the issues shown below, to holders of record **APRIL 28, 1943:**

PAYABLE AT IRVING TRUST CO., ONE WALL ST., N. Y.

				Coupons to be Paid	Dated	Amount per $1,000 bond
N.Y.N.H.&H.R.R.	4½s	1st&Ref. 12/1/67		3	Dec. 1, 1939 thru Dec. 1, 1940	$67.50
"	4s	5/ 1/56		3	Nov. 1, 1939 thru Nov. 1, 1940	60.00
"	4s	7/ 1/55		3	Jan. 1, 1940 thru Jan. 1, 1941	60.00
"	3½s	1/ 1/56	(Tax Free)	3	Jan. 1, 1940 thru Jan. 1, 1941	52.50
"	6s	1/15/48		3	Jan. 15, 1940 thru Jan. 15, 1941	90.00
"	4s	3/ 1/47		3	Mar. 1, 1940 thru Mar. 1, 1941	60.00
"	3½s	3/ 1/47		3	Mar. 1, 1940 thru Mar. 1, 1941	52.50
Consolidated Ry.	4s	7/ 1/54	(Tax Free)	3	Jan. 1, 1940 thru Jan. 1, 1941	60.00
"	4s	1/ 1/55	(Tax Free)	3	Jan. 1, 1940 thru Jan. 1, 1941	60.00
"	4s	1/ 1/56	(Tax Free)	3	Jan. 1, 1940 thru Jan. 1, 1941	60.00
"	4s	4/ 1/55	(Tax Free)	3	April 1, 1940 thru April 1, 1941	60.00
N.Y.N.H.&H.R.R.	3½s	4/ 1/54	(Tax Free)	3	April 1, 1940 thru April 1, 1941	52.50

(Scrip Certificates must be forwarded direct to Treasurer, 71 Meadow Street, New Haven, Conn.)

				Payments to be made		
#N.Y.N.H.&H.R.R.	*6s	4/1/40		3	April 1, 1942 thru April 1, 1943	90.00

AND PAYMENT OF $45.00 per $1,000 ON PRINCIPAL

*Bonds both registered and bearer form must be presented to Irving Trust Company, One Wall Street, New York City, for stamping of payments when collected.

* * *

Provision was made pursuant to authority under Court Order No. 692, dated April 7, 1943, for the payment of interest to MAY 1, 1943, to holders of record APRIL 20, 1943, on the following obligations:

PAYABLE AT IRVING TRUST CO., ONE WALL ST., N. Y.

				Coupons to be Paid	Dated	Amount per $1,000 bond
N.Y.N.H.&H.R.R. —H.R.&Pt.Ch.	4s	5/ 1/54	(Tax Free)	1	May 1, 1943	$20.00

PAYABLE AT SECOND NATIONAL BANK, NEW HAVEN

Naugatuck R.R.	4s	5/ 1/54	(Tax Free)	1	May 1, 1943	$20.00

PAYABLE AT CITY BK. FARM. TR. CO., N. Y.

				Payments to be made		
#Housatonic R.R.	**5s	11/1/37		1	May 1, 1943	$25.00

**Bonds both registered and bearer form must be presented to City Bank Farmers Trust Company, 22 William Street, New York City, for stamping of payment when collected.

COUPONS MUST BE COLLECTED THROUGH THE REGULAR BANKING CHANNELS AT THE BANKS INDICATED. Checks will be mailed to holders of fully registered bonds for the payment of interest authorized to be paid. #EXCLUSIVE OF THESE ISSUES.

When presenting coupons—OWNERSHIP CERTIFICATES FORMS 1000 and 1001 FOR THE TAX FREE ISSUES *ONLY*. ONE CERTIFICATE TO COVER THE ENTIRE PAYMENT IS ALL THAT IS REQUIRED.

A. W. BOWMAN,
Treasurer

The New York New Haven and Hartford Railroad Co.

SERVING NEW YORK AND THE GREAT INDUSTRIAL STATES OF MASSACHUSETTS
RHODE ISLAND AND CONNECTICUT IN WAR AND PEACE

DEALER BRIEFS

(Continued from page 1659)

tax, are commanding the highest prices ever experienced.—*John E. Roth, Weil, Roth & Irving Company.*

As a result of the capital gains clause in the Income Tax Law, an entirely new emphasis is being placed on long-term capital gains. Wealthy men keep 20% of their business profits, dividends and taxable bond interest but retain 75% of profits in securities held over six months. We are constantly searching for this type of investment.—*Irvin F. Westheimer, Westheimer & Company.*

Toledo, Ohio

Following several months of speculative activity, we are experiencing an increasing pressure from our clients for suggestions not only for the investment of new money, but for constructive help in analyzing and rearranging established portfolios. Seemingly, we are assuming a greater degree of professional responsibility toward our clients than ever before. In an effort to meet this responsibility, we are expanding our personal consultation facilities, as well as our factual and mechanical services.—*Harry E. Collin, Collin, Norton & Co.*

Our Reporter's Report

(Continued from first page)

3.20%, suggesting that the high-grade market is still strong and vigorous underneath.

Specials and Secondaries

Further indication of reviving activity among underwriting firms, many of whose personnel had been furloughed to the local Victory Bond Committee for the campaign, is seen in the quickening of secondary and special offerings.

The largest of these came on Tuesday, when Blyth & Co. sponsored a secondary offering of 85,000 shares of Chesapeake & Ohio Railway common stock at 45 with a commission of 75 cents a share to dealers. Quick oversubscription was reported.

Yesterday brought another big secondary operation when E. F. Hutton & Company placed on the market blocks of 60,000 shares of common and 20,000 shares of preferred stock of the Twentieth Century-Fox Film Corp.

Appreciative of Cooperation

Investment bankers back at their desks after weeks of intensive sales effort for the recent war loan were unstinting in their praise of the cooperation which they received from various departments at the Federal Reserve Bank.

Set on doing a real job on their own, they found their task made considerably easier by the readiness of all hands to pitch in and roll the sales total for this area far past the original goal which had been set.

They came away convinced that, if cooperation in helping to raise the funds needed by the Treasury to prosecute the war effort, is one of the elements needed to assure victory, then Washington can count fully on receiving it.

Rail Debt Retirement

Following through on the steady drive on the part of the railroads to apply current large earnings toward reducing their bonded indebtedness New York Central and the Great Northern registered real progress in the past week.

Both roads acted to slash the total of near-term obligations facing them. Great Northern announced a call for payment on July 1, next, of $18,000,000 of its general convertible 4% series G bonds, due in 1946.

New York Central came through the following day with a call for $28,100,000 of its secured 3s, due in 1941. Accordingly, upon payment of the foregoing, New York Central will have paid off the last of $40,000,000 of the issue which it floated in 1938, and will be free of important maturities until 1952.

Idle Funds Press Market

The seasoned bond market gave evidence of considerable in the way of idle investment money seeking opportunities. True the vast bulk of activity in the list market still ran to that type of descriptions which take their cue from the outlook for earnings rather than money rates.

In other words, secondary rails, and medium-priced utility and industrial issues were in active demand, with rails as a group continuing to show the way.

But stirring of activity in some of the higher type bonds was noted with American Telephone & Telegraph Company 3s pushing ahead on a sizeable turnover.

Says Post-War Inflation Can Be Avoided

(Continued from page 1663)

the yield of our war plant is exceeding all expectations. Before the end of this year, the assembly lines of America will be gushing forth such a huge quantity of the instruments and necessities of war that Washington probably will be able to order selective curtailments. Already the peak of production in such make-ready industries as machine tools and special machinery has passed, and the construction of new plants and cantonments has begun to slow down with notable effects on activity in the building industries.

"The manpower problem, of which we hear so much, is not, I believe as bad as advertised because of the labor that can be shifted from finished jobs to tasks still in progress. We are approaching the peak of war production in our major industries. We are not far from the time when it will no longer be necessary to shift men from civilian industries to war plants, and when it will be possible—if we plan as we should—to begin to shift labor and facilities back to the manufacture of civilian goods and to the farms.

* * *

"By the time we are finally finished with this sorry business of slaughter and destruction, we should be well on our way toward an almost normal rate of consumers' goods production. By six months after the final peace, we ought to be fairly well converted. Following such a plan, I surmise, we might take a year or two to reconvert without upsetting our price economy.

"There should be relatively little transitional unemployment. The Government would be called upon to pay only small unemployment benefits. No expensive public works of a luxury nature should be necessary. Consumption goods should be plentiful enough to be cheap. There would be no buyers' panic to meet deferred demands. Irresponsible theories about the inevitability of inflation would cease to flourish. Industry would remain prosperous. The Government would not lose such a large portion of excess profits taxes collected during the war because of the operation of the carryback exemption privilege now provided in a just and equitable revenue law. Thus, the war could cost fewer dollars, and the transition would be less expensive for some 30,000,000 income taxpayers.

"By the time the deferred demand for consumption goods is fairly well caught up, we will be ready for a building boom which should extend the period of good business. Happily, we now know more about sound residential real estate financing; and there are millions of new families to be established. There is no reason why our standard of housing cannot be improved as well as our standard of living generally."

Pay On Medellin 7s

The Guaranty Trust Co. of New York, successor to the National Bank of Commerce in New York, as trustee under Municipality of Medellin, Republic of Colombia, instrument of mortgage and pledge dated Dec. 21, 1926, is prepared to distribute at its Corporate Trust Department, 140 Broadway, New York, $24.40 on each $35 coupon and $12.20 on each $17.50 coupon due Dec. 1, 1931, and $21.30 on each $35 coupon and $10.65 on each $17.50 coupon due June 1, 1932, detached from the 25-year external 7% secured gold bonds of 1926, due Dec. 1, 1951, issued thereunder. This distribution is being made from funds in the release account and from funds constituting a balance of what formerly was the special reserve fund held by the fiscal agent, Hallgarten & Co.

Bond Club Of Toledo Announces Officers

TOLEDO, Ohio—The Bond Club of Toledo announces the election of the following new officers and the appointment of the Club's standing committees:

President: George A. Roose—Siler, Roose & Co.

Vice President: Warren D. Williams, Ryan, Sutherland & Co.

Secretary: E. P. Liska, Braun, Bosworth & Co.

Treasurer: Orville W. Desmond, Stranahan, Harris & Co.

The Board of Governors for the current fiscal year, in addition to the present officers, are E. M. Bancroft, Stranahan, Harris & Co., Oscar R. Foster, Snyder, Wilson & Co., Calvin M. Yeasting, Ford R. Weber & Co.

Entertainment Committee: Arthur Tresch, Chairman, Braun, Bosworth & Co.; Durwood C. Dubois, Stranahan, Harris & Co.; Celian Rorick, Spitzer, Rorick & Co.; William Milne, Otis & Co.; Burt T. Ryan, Ryan, Sutherland & Co.

Finance Committee: E. M. Carstensen, Chairman, Ryan, Sutherland & Co.; Marvin Rorick, Spitzer, Rorick & Co.; Erwin J. Ward, Siler, Roose & Co.

Legislation Committee: Robert S. Mikesell, Chairman, Stranahan, Harris & Co.; Edward F. Heydinger, Siler, Roose & Co.; Carl F. Bargmann, Braun, Bosworth & Co.

Membership Committee: Oliver Goshia, Chairman, Collins, Norton & Co.; Ralph M. Winters; Hazen S. Arnold, Braun, Bosworth & Co.

Speakers & Publicity Committee: Franklin L. Schroeder, Chairman, Braun, Bosworth & Co.; Ford R. Weber, Ford R. Weber & Co.; John F. Norton, Fahey, Clark & Co.

International Currency

(Continued from page 1659)

wherever such is necessary, we can supply the world not only with a medium of exchange but with **an honest money**, a standard of value to which the world's currencies may be anchored. Furthermore, we can give the world a storehouse for wealth that it sorely needs. We cannot stabilize foreign currencies but we can give them the means of stabilizing their own currencies and encourage them to do so.

I think that every effort should be made to help England to reestablish the pound sterling. From the time of Queen Elizabeth up to the early part of this century, it was a sound money and a standard of value. Almost all the currencies of the world were anchored to it, and not only this, but the Ninety-Day Sight Draft on London was actually legal tender in a great many countries of the world. It was a storehouse of wealth, and through the performance of these functions it was a stabilizing influence of tremendous value. This influence can gradually be re-established, particularly in the markets that are closely tied to Britain.

In most of the areas of the world the dollar has already become the most highly accredited standard of value. The world believes in the dollar. In the first place, because it believes in American gold reserves and in the great resources and economic strength of America, and in the second place because it believes in American credit.

All this means that not only a great opportunity but a very serious duty lies before the American banker. His task is to assume financial world leadership in accordance with a plan which he should work out with our Government and with the Federal Reserve Bank.

The alternative would appear to be confused and perhaps definitely disturbed international financial and trade conditions. The leadership of American private enterprise, in harmony with the views of the Government and hand in hand with the great Federal Reserve System, is capable of establishing the dollar as a world standard of value, a sound money in which the world may confidently trade and to which the currencies of the world may look for a stabilizing influence.

Mexico Suspends Right Of Public Assembly

The right of free public assembly was suspended in Mexico beginning May 2, according to a special dispatch from Mexico City to the New York "Times," which further stated:

A communique published today says that the authorities must be asked 24 hours in advance for permission to hold a meeting. The reason ascribed for the order is to prevent "groups in opposition to the National Government from provoking disturbances and discord."

The real reason, according to opposition political circles, is to prevent meetings in favor of independent candidates, that is, persons chosen by parties other than government supported ones in the forthcoming elections for members of the Federal Chamber of Deputies.

Fractional Distribution Of Stock in U. G. I. Plan

E. W. & R. C. Miller & Co., 123 South Broad Street, Philadelphia, Pa., members of the Philadelphia Stock Exchange, have prepared an interesting digest of the plan for the distribution of certain assets of U. G. I. to stockholders. Copies of this digest may be had upon request from E. W. & R. C. Miller & Co. The firm is also calling attention to the fact that the plan provides for the distribution of 1/12th of a share of Public Service Corporation of New Jersey common and 1/3rd of a share of Philadelphia Electric new common for each share of U. G. I. common. In order to avoid the necessity of buying or selling these small fractions, E. W. & R. C. Miller recommends that holdings of U. G. I. common be adjusted to amounts evenly divisable by 12, which will save both the investor and the brokers a great deal of trouble.

Time Extended For Exchanging Panama Arrears Certificates

Jose A. Sosa J., Minister of Finance and Treasury of the Republic of Panama, is notifying holders of Republic of Panama arrears certificates issued pursuant to the service readjustment plan dated Nov. 23, 1933, that the time within which arrears certificates may be exchanged for Republic of Panama 3% external sinking fund bonds due May 1, 1987, under the offer of the Republic of Panama published on May 1, 1941, has been extended from May 1, 1943 to May 1, 1944.

Copies of the offer and the required form of letter of transmittal may be obtained from the fiscal agent, The National City Bank of New York, at its corporate agency department, 20 Exchange Place, New York.

Payment On Sao Paulo 8s

The City Bank Farmers Trust Co., New York, has received funds to apply to payment of the May 1, 1941 coupons of City of Sao Paulo, United States of Brazil, external 30-year 8% secured sinking fund gold bonds of 1922, due March 1, 1952, at the rate of 16.25% of the dollar face amount of the coupons. Accordingly, payment of $6.50 per $40 coupon and $3.25 per $20 coupon will be made at the offices of the bank, 22 William Street, New York.

Insurance Stocks Attractive

The current situation in American Equitable Assurance Company, Massachusetts Bonding & Insurance Company, Pacific Fire Insurance Company, United States Fire Insurance Company, and Westchester Fire Insurance Company offer attractive possibilities, according to memoranda just issued by Mackubin, Legg & Co., 22 Light Street, Baltimore, Md., members of the New York and Baltimore Stock Exchanges. Copies of these interesting memoranda may be had upon request from the Insurance Stocks Department of Mackubin, Legg & Co.

George H. Weeks Dead

George Hemmingway Weeks, an associate of Nathan C. Fay & Co., investment securities firm, Portland, Me., died at the age of 74 after a brief illness. Mr. Weeks was the first Democratic Mayor of South Portland, and was a former Vice-President and Treasurer of the old Fidelity Trust Co.

This is an announcement and is not to be construed as an offer to sell or as a solicitation of an offer to buy the securities herein mentioned. The offering is made only by the Offering Circular.

$5,200,000

Chesapeake and Ohio Railway
Equipment Trust of 1943

1¾% Serial Equipment Trust Certificates
(PHILADELPHIA PLAN)

To be due annually $520,000 on each May 1, 1944 to 1953, inclusive

To be guaranteed unconditionally as to principal and dividends by endorsement by The Chesapeake and Ohio Railway Company.

These Certificates are to be issued under an Agreement to be dated as of May 1, 1943 which will provide for the issuance of $5,200,000 par amount of Certificates to be secured by new standard-gauge rolling stock, estimated to cost approximately $6,577,037.

MATURITIES AND YIELDS

1944	0.80%	1947	1.45%	1951	1.95%
1945	1.05	1948	1.60	1952	2.00
1946	1.25	1949	1.75	1953	2.05
		1950	1.85		

Issuance and sale of these Certificates are subject to approval by the Interstate Commerce Commission. The Offering Circular may be obtained in any State in which this announcement is circulated from only such of the undersigned as are registered dealers and are offering these securities in compliance with the securities law in such State.

HALSEY, STUART & CO. INC.

OTIS & CO. (INCORPORATED)
L. F. ROTHSCHILD & CO.
CENTRAL REPUBLIC COMPANY (INCORPORATED)
MOORE, LEONARD & LYNCH
EDWARD LOWBER STOKES & CO.
F. S. YANTIS & CO. INCORPORATED

To be dated May 1, 1943. Principal and semi-annual dividends (November 1 and May 1) payable in New York City. Definitive Certificates in coupon form in the denomination of $1,000, registerable as to principal. Not redeemable prior to maturity. These Certificates are offered for delivery when, as and if received by us. The information contained herein has been carefully compiled from sources considered reliable, and while not guaranteed as to completeness or accuracy, we believe it to be correct as of this date.

May 6, 1943.

Establishment Of "Free Dollar" Urged As Alternative To Treasury And Keynes Proposals

(Continued from first page)

tant step towards the establishment of such a currency as he advocated has already been taken by Congress in its refusal to prolong the power of the President to devalue the dollar further," and he added that "through a renewal of the Reciprocal Trade Agreements Act we now have an opportunity to give tangible proof to the rest of the world that we are prepared to make further downward revisions in trade barriers."

The address of Mr. Aldrich follows in full:

"The end of the war will give rise to innumerable problems of an economic character, many of which doubtless will prove quite as difficult to solve as those of a strategic character which are now giving concern to our military and naval staffs. One of the most difficult of all economic problems and one which will press for immediate solution is that of monetary stabilization.

"Problems of monetary stabilization arise from each major war. That this is generally true is illustrated in the case of England during the Napoleonic period, of our own country following the Civil War, and of practically every neutral and belligerent nation following the close of the first World War. The reason that such problems arise is that war financing needs are not met entirely from taxation or from the sale of bonds to investors. To a greater or less extent, war-time deficits are met through currency or credit inflation. In consequence of the policies followed, post-war problems of monetary stabilization, from an internal point of view, involve the checking of inflation and the balancing of budgets, and from an external point of view, the resumption of gold payments and the elimination of foreign controls. Both internal and external stabilization must take place before business men can make future plans relative to production and trade, before people can save with assurance, and before normal international trade and capital exports can be resumed.

"After the first World War, the problem of monetary stabilization was handled separately by each nation. In certain instances, nations were able to stabilize their currencies without the assistance of foreign credits, while, in other instances, nations were able to stabilize their currencies only after assurance had been received that foreign credits would be granted, or only after such credits had actually been extended. The United States was the first nation, in June, 1919, to resume gold redemption, and for several years thereafter the dollar was the only important currency that afforded stability in international exchange. Following the debacle of the mark, Germany established a new currency in 1924, Great Britain returned to gold in 1925, and France effected a de facto stabilization of her currency in 1926. The United States and Great Britain returned to gold at pre-war parities, Germany was forced to reconstruct her currency and banking systems, and France suffered a substantial depreciation in her currency. About eight years elapsed after the close of the last war before the currencies of all of the leading belligerent powers had been reconstituted.

"The total character of the present war, involving a huge drain on national income, a sharp rise in internal debts, a marked reliance on the expansion of bank credit, a growth in abnormal war balances, and the imposition of all-pervasive economic controls, makes the problem of monetary stabilization even more difficult than it proved after the first World War. In the case of our own country, the difficulties of the problem are further increased by the monetary and fiscal policies which were followed during the eight years preceding our entrance into the second World War. I refer to the abandonment of the gold standard, the devaluation of the dollar, the purchases of silver, and the increase in the public debt, which in combination tended to impair the financial strength of the United States.

"The magnitude and urgent character of the problem of monetary stabilization have received emphasis in two plans recently issued on the subject. The one proposed by the United States Treasury in preliminary draft outline calls for the establishment of a United and Associated Nations Stabilization Fund, and the other, proposed by a group of British experts, also in tentative form, calls for the establishment of an International Clearing Union. While I shall not have time to make an extended examination of these two plans, I should like to point out their general purpose, their similarities and differences.

"The avowed objective of each plan is to establish an international currency having general acceptability, to stabilize exchange rates, to provide a mechanism for the clearing of international transactions and for the granting of international loans, and to provide a means for influencing and controlling the financial and economic policies of member nations. In addition, the American plan suggests a method for the liquidation of abnormal war balances.

"The two proposals contemplate an overall stabilization of the exchange rates of the member countries. In this way it is hoped that the time required for exchange stabilization after this war may be considerably less than that required after the last war. In the American plan, the Fund itself will fix exchange rates, whereas in the British plan, member nations will agree to a tentative stabilization of their currencies, prior to the establishment of the Clearing Union. Each plan makes provision for alterations in exchange rates. In the British plan, an adverse balance of payments leads almost automatically to a depreciation of the currency of the nation in question.

"The fact that both proposals give recognition to the importance of the external stabilization of currencies represents in itself a marked advance over the attitude of our own Government at the London Economic Conference in 1933. It also represents a marked advance over the doctrines of many economists of the decade in the '30s, which held that external stabilization was an undesirable goal of monetary policy.

"In order to effect the external stabilization of currencies, each plan provides for a new international unit that is to be related to gold. The American plan fixes the gold value of the "Unitas" permanently and gives gold a more central and significant role than does the British plan. Although the British plan fixes the gold value of the "Bancor" initially, it suggests that later changes might have to be made and suggest further that nations should permit the exportation of gold only under license, and that nations should not return to a full gold standard with two-way convertibility.

"Provision for the extension of credits to nations requiring such assistance is incorporated in each plan. In the American plan, credit extensions are to be made through the purchase of the currencies of the borrowing nations and in the British plan through the establishment of over-draft facilities. Although subject to certain maximum limitations, credit extensions in both plans apparently are to be made for indefinite periods and at a very nominal charge. Also, up to certain amounts, they are to be extended on a semi-automatic basis, without emphasis on the credit worthiness of the borrowing nation.

"An important difference in the two plans consists in the fact that the American Fund would actually possess assets contributed on a pro-rata basis by member nations. The British Clearing Union would not possess assets at its organization but would allow member nations to build up credit or debt balances to certain prescribed limits and subject to certain conditions.

"Such in brief is the general outline of the two plans. It will be noted that they comprise three essentially different elements and, in this respect, they differ from the objectives and scope of the national stabilization funds that came into existence some ten years ago. The three elements are provision for the stabilization of currencies, provision for the extension of foreign credits, and provision for the influencing or controlling of the domestic financial and economic policies of member nations. It is questionable whether three such diverse objectives should be incorporated in one plan. For example, it would seem the better policy to separate the function of currency stabilization from that of foreign lending. The credit extensions to be granted under either the American or British plans would tend inevitably to become long-term in character, and credit extensions of this character should be handled by other agencies. The only loans that should properly be granted by an international stabilization fund, if one were to be established, would be those designed to eliminate seasonal fluctuations in exchange rates. Longer-term credits should be handled by banking institutions of an investment character.

"In a general evaluation of these two proposals, several questions, it seems to me, must be borne in mind. The first is whether, from a political point of view, nations are likely to subscribe to this method of handling the problem of monetary stabilization; second, whether, from an economic point of view, an overall stabilization of currencies can precede internal credit and monetary stabilization; and third, whether some alternative plan might not represent a more practical and realistic solution to the problem of post-war monetary stability.

"The first point to be considered in connection with an evaluation of the plans has to do with the willingness of nations to part with their sovereign rights to the extent contemplated. Both plans presuppose a considerable degree of control over domestic monetary and economic policies. Thus, in the American plan, nations are to maintain exchange rates established by the Fund and not to alter these rates without the consent of the Fund. Once exchange rates have been established, the British plan provides that alterations may not occur subsequently without the permission of the Governing Board. Again, in the American plan, each member nation agrees that it will offer to sell to the Fund all foreign exchange and gold that it acquires in excess of the amount it possessed immediately after joining the Fund, and each member nation agrees to discourage the unnecessary accumulation of foreign balances by its nationals. Implied in both plans is the establishment of strong international economic controls. In fact, Lord Keynes suggests that his plan might form the basis of a future economic government of the world; might help finance post-war relief, rehabilitation and reconstruction; might provide an excellent machinery for the enforcement of financial blockades; might help finance international commodity control projects; might be associated with a Board for International Investment and might be used to maintain stability of prices and to control the trade cycle. The first question then that would have to be considered in the current discussions in Washington has to do with all aspects of the problem of sovereignty.

"In addition to those difficult problems involving sovereign rights, nations must of necessity give careful consideration to certain economic implications of the two plans. A fundamental point is whether an overall external stabilization of currencies can be effected before internal stabilization has taken place. In the past, internal stabilization has been regarded as the prerequisite for the stabilization of the foreign exchanges. The sequence has been from the balancing of internal budgets and the checking of inflation, the removal of price and rationing controls and the reintroduction of some form of the gold standard to the stabilization of foreign exchange rates. Only by following such policies can the internal purchasing power of a currency be determined, and only when the internal purchasing power is determined will it be possible to fix rates of foreign exchange.

"To be enduring, the stabilization of exchange rates must rest on the firm basis of sound internal fiscal and monetary policies. We cannot erect a monetary superstructure until we have built a firm base. The soundness of that base will depend upon our willingness to adopt appropriate internal measures of fiscal, credit and monetary reform. An overall stabilization of exchange rates would seem to represent an unrealistic approach to the problem. Each nation must, as it did after the last war, painfully retrace its steps to monetary stability. The road back cannot be made easier by the establishment of a Stabilization Fund or Clearing Union. There is no short cut to currency stabilization.

"Still another question having to do with the economic implications of the two plans concerns their relationship to the problem of foreign exchange control. The question is whether the adoption of either the American or British proposals would help to eliminate foreign exchange controls on current account, or whether the plans, in actual operation, would tend to perpetuate such controls. Although it is the avowed objective of each plan to eliminate foreign exchange controls on current account, I doubt if this would result in practice. It seems to me that both plans could function satisfactorily only if the foreign exchanges on current account were controlled as completely and fully as is contemplated for the control of the foreign exchanges on capital account. In the last analysis, the two plans might tend to perpetuate those very controls over the foreign exchanges and trade, which it is their avowed purpose to eliminate.

"By way of summary, an evaluation of the two plans must consider both their political and economic aspects. From a political point of view, nations will have to decide whether and to what extent they wish their financial and economic policies to be subject to international control, whether and to what extent they wish the decisions of international boards to be substituted for the free competitive forces of the market place. From an economic point of view, a decision will have to be reached concerning the possibility of stabilizing foreign exchange rates before internal inflation is checked, and concerning the bearing of either plan on foreign exchange and trade controls.

"In conclusion I would like to suggest as an alternative to the two plans proposed in tentative form by the American and British experts that a free dollar be established in the post-war world. At the end of the war, this country can render its greatest contribution to world recovery by checking domestic inflationary forces, by resuming gold payments, and by removing all foreign exchange controls. If these policies were followed, the dollar would constitute a sure anchorage for the currencies of other nations and would become a generally acceptable international medium of exchange. All international transactions, including those of a bilateral or multilateral character, including the exportation or importation of goods, including short- or long-term capital movements, could be cleared on the basis of a dollar freely redeemable in gold and freed of foreign exchange controls. An important step towards the establishment of such a currency has already been taken by Congress in its refusal to prolong the power of the President to devalue the dollar further. The assumption of international financial responsibilities means that we must be prepared to make corresponding adjustments in our trade policies. Through a renewal of the Reciprocal Trade Agreements Act we now have an opportunity to give tangible proof to the rest of the world that we are prepared to make further downward revisions in trade barriers. The reintroduction of a fully functioning gold standard and continued adherence to liberal trade policies will make an important contribution to post-war economic recovery and will combine to put into practical operation the principles of the Atlantic Charter."

Allied Victory In 1944 Predicted

Allied observers, in London, who are in a position to know agreed on May 3 with Henri Honore Giraud that the European war will end in an Allied victory in 1944, said Harrison Salisbury, United Press Staff Correspondent, in a dispatch from London on May 3, who added:

They were willing to concede that there is a possibility of the European campaign reaching a climax by autumn, but almost universally believed there is not a chance that it can be concluded this year.

In Algiers, General Giraud told French labor leaders in an informal speech that "we have every reason to hope that the war will end next year."

Obviously, only a handful of men know what is in store for Hitler, but a canvass of opinion finds a general agreement that events should follow a pattern something like this:

1. The Tunisian campaign should be cleared up in another month of hard fighting.

2. By late May or early June, it is likely that new, heavy battles will begin on the Russian front with the Germans and Russians both racing to gain the strategic initiative.

3. As soon as the Tunisian fighting is completed, the Allies presumably will launch attacks at the Axis underbelly with speculation centering on Sicily, Sardinia, Crete, Italy and the Balkans.

4. The next six weeks should, unless bad weather intervenes, show a constant increase in the pressure of attacks by the Anglo-American air forces.

Calendar of New Security Flotations

OFFERINGS

SYLVANIA ELECTRIC PRODUCTS, INC.

Sylvania Electric Products, Inc., has filed a registration statement for 175,000 shares of common stock, without par value, subject to reduction depending on offering price and other factors.

Address—500 Fifth Ave., New York City.

Business—Prior to the development of its present wartime production manufactured and sold to the public electric incandescent lamps, radio tubes, fluorescent lamps and fixtures and other electronic products. At the end of 1942 about 85% of its products were going directly or indirectly into the war effort.

Offering—Price to the public will be supplied by amendment.

Underwriting—Paine, Webber, Jackson & Curtis; White, Weld & Co.; Lee Higginson Corp.; Estabrook & Co.; Merrill Lynch, Pierce, Fenner & Beane; Putnam & Co.; Graham, Parsons & Co.; Whiting, Weeks & Stubbs, Inc.; Brush, Slocumb & Co.; Yarnall & Co.; Minsch, Monell & Co.; Mackubin, Legg & Co.; Stein Bros. & Boyce; Herbert W. Schaefer & Co.; Van Alstyne & Co., and Wyeth & Co.

Proceeds—Upon issuance of the common stock company plans to call for redemption on 30 days' notice all of the outstanding 4½% cumulative convertible preferred stock, at the redemption price of $46 per share, plus accrued dividends. At the close of business March 23, 1943, there were outstanding 80,032 shares of preferred subject to redemption. The preferred is convertible at the option of the holders into common stock at any time up to the close of business on the third business day prior to the redemption date. Until the expiration of conversion rights the company states it is impossible to tell how much preferred will remain unconverted to receive the redemption price. Any balance of net proceeds not required for the redemption, so far as deemed advisable by the management, will be added to working capital with the expectation that it will be used upon and after termination of the war to meet conversion to a peacetime basis. Any proceeds not required for redemption and not added to working capital will be applied toward the purchase or redemption of a part of the company's outstanding 3¼% sinking fund debentures due June 1, 1957.

Registration Statement No. 2-5122. Form S-1 (4-6-43).

Offered May 4, 1943, at $26 per share by Paine, Webber, Jackson & Curtis, White, Weld & Co., Lee Higginson Corp., Estabrook & Co., Merrill Lynch, Pierce, Fenner & Beane and Putnam & Co.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930(b).

Offerings will rarely be made before the day following.

TUESDAY, MAY 11

STANDARD STEEL SPRING CO.

Standard Steel Spring Co. has filed a registration statement for 218,962 shares of common stock, par value $1 per share, and subscription warrants evidencing subscription rights in respect of such shares of common stock.

Address—843 Fourth Ave., Coraopolis, Pennsylvania.

Business—In 1941, prior to the entry of this country into the war, the principal products of the company and its wholly-owned subsidiary, included steel automobile, truck and tractor leaf springs, automobile and truck bumpers, steel gratings and treads, universal joints and assemblies, propeller shafts, steel spring parts, etc. Company now processes and fabricates armor plate, produces bomb bodies and has recently undertaken on a small scale the plating of certain aircraft parts.

Underwriting—Kuhn, Loeb & Co. is named principal underwriter. Names of other underwriters will be supplied by amendment.

Offering—Holders of common stock of record 3 p. m. May 13, 1943, are to be offered rights to subscribe to the new common stock at the rate of one-fifth of a share for each share of common held, at a price to be supplied by amendment. Such rights will expire at 3 p. m. May 24, 1943. Unsubscribed stock will be purchased by the underwriters and offered to the public at a price to be named by amendment.

Proceeds—Net proceeds from the sale of the securities will be added to the working capital of the company. The company may determine at a later date to apply part of the net proceeds to the prepayment of all or part of a long term bank note due in instalments to Dec. 15, 1951. Unpaid balance as of April 15, 1943, was $845,000.

Registration Statement No. 2-5127. Form A-2 (4-22-43).

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., has filed a registration statement for 175,000 shares of Keystone Custodian Fund full certificates of participation, Series "K 1".

Address—50 Congress St., Boston, Mass.

Business—Investment trust.

Offering—At market within two weeks after effective date of registration statement.

Underwriting—Keystone Custodian Funds, Inc., is named sponsor.

Proceeds—For investment.

Registration Statement No. 2-5128. Form C-1 (4-22-43).

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., has filed a registration statement for 25,000 shares of Keystone Custodian Fund full certificates of participation, Series "K 2".

Address—50 Congress St., Boston, Mass.

Business—Investment trust.

Offering—At market within two weeks after effective date of registration statement.

Underwriting—Keystone Custodian Funds, Inc., is named sponsor.

Proceeds—For investment.

Registration Statement No. 2-5129. Form C-1 (4-22-43).

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., has filed a registration statement for 75,000 shares of Keystone Custodian Fund full certificates of participation, Series "S 3".

Address—50 Congress St., Boston, Mass.

Business—Investment trust.

Offering—At market within two weeks after effective date of registration statement.

Underwriting—Keystone Custodian Funds, Inc., is named sponsor.

Proceeds—For investment.

Registration Statement No. 2-5130. Form C-1 (4-22-43).

SUNDAY, MAY 16

TRUST FUNDS, INC.

Trust Funds, Inc., has filed a registration statement for 2,500 certificates of Commonwealth Fund, Indentures of Trust Plans A and B.

Address—30 Congress St., Boston, Mass.

Business—Investment trust.

Underwriting—Trust Funds, Inc., is named sponsor.

Offering — Aggregate offering price is given as $3,000,000. Proposed public offering is on date registration becomes effective.

Proceeds—For investment.

Registration Statement No. 2-5131. Form C-1 (4-27-43).

MONDAY, MAY 17

JOHN MORRELL & CO.

John Morrell & Co. have filed a registration statement for $7,500,000 15-year debentures, due May 1, 1958. The interest rate will be supplied by amendment.

Address—Ottumwa, Iowa.

Business—Engaged in the meat packing and provision business.

Underwriting—A. G. Becker & Co., Inc., Chicago; The First Boston Corp.; Lehman Brothers; Smith, Barney & Co.; Hallgarten & Co.; Ladenburg, Thalmann & Co.; Merrill Lynch, Pierce, Fenner & Beane, New York; Central Republic Co.; Harris, Hall & Co., Inc.; Lee Higginson Corp., Chicago; The Wisconsin Co., Milwaukee, and Kuhn, Loeb Co., New York.

Offering—Price to the public to be furnished by amendment.

Proceeds—Net proceeds will be used to prepay the 1¾% note, due 1944, in the face amount of $2,500,000, and to prepay the 2% notes, maturing serially to 1948, in the face amount of $2,850,000, requiring in the aggregate for such prepayments, exclusive of interest, the sum of $5,384,750. The remainder of net proceeds will be used by the company to carry additional receivables and inventories and larger bank balances, to reduce the necessity for current borrowings, and to pay current liabilities.

Registration Statement No. 2-5132. Form A-2 (4-28-43).

TUESDAY, MAY 18

ARMOUR & CO OF DELEWARE

Armour & Co. of Delaware has filed a registration statement for $35,000,000 35-year 7% cumulative income debentures, due April 1, 1978.

Address—43rd Street and Racine Ave., Union Stock Yards, Chicago, Ill.

Business—Engaged in meat packing business, operating packing plants in North and South America for the slaugther of livestock and the processing of meats and animal products and for by-products. In conjunction with their meat packing operations, company and subsidiaries manufacture butter and cheese and various other products.

Underwriting—Kuhn, Loeb & Co., New York, head the underwriting group. Others to be supplied by amendment.

Offering—Company offers to the holders of its outstanding 523,581 shares of 7% guaranteed cumulative preferred stock of the par value of $100 per share, the right to exchange such shares for the debentures on the basis of $100 face amount of debentures for each share of preferred stock held, subject, if the total number of shares of preferred stock deposited for exchange would require more than the entire issue of debentures, to allotment of the debentures by the company. The debentures not taken upon the exchange offer have been underwritten and will be offered to the public at a price to be fixed by amendment.

Proceeds—Company intends to apply the net proceeds of the debentures not taken in exchange pursuant to the exchange offer, with any other funds in the treasury which may be necessary, to the redemption of a par amount of 7% guaranteed cumulative preferred stock of the company which, with the shares acquired pursuant to the exchange offer, will retire $35,000,000 par amount of such preferred stock.

Registration Statement No. 2-5134. Form A-2 (4-29-43).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

CELOTEX CORPORATION

Celotex Corp. has filed a registration statement for 75,000 shares of common stock, no par value.

Address—120 South La Salle Street, Chicago, Ill.

Business—Company is engaged in the building material business.

Underwriting—There are no underwriters.

Offering—The 75,000 shares of common will be offered by the company at $10.50 per share only to a selected group consisting of employees of the company, including officers and directors and those serving in a professional or advisory capacity and a limited group of persons having long standing business relations with the company to be selected by the board of directors. Statement says that recently, while the company was carrying on negotiations to augment its working capital by the issuance and sale of common stock, a substantial group of key employees of the company including certain officers and directors, joined in the formation of a syndicate with a view to the purchase of a large block of outstanding common stock from a single source which had indicated a willingness to sell. When reasons arose whereby the proposed purchase could not be carried out, the group acting through the syndicate requested the company to afford the syndicate members, as well as other employees, the opportunity to purchase the stock of the company then proposed to issue, at a price to net the company the same amount as though such stock were marketed through then available investment banking channels. The board determined that the stock to be sold should be offered to the selected group at a price of $10.50 per share. The syndicate has formed a voting trust for the common stock of the company.

Proceeds—Entire proceeds from the sale will be received by the company and used for additional working capital and for other corporate purposes.

Registration Statement No. 2-5112. Form A-2 (3-24-43).

Amendment filed April 28, 1943, to defer effective date.

CELOTEX CORPORATION

Bror Dahlberg, C. S. Mansell and Andrew J. Dallstream, voting trustees, have filed a registration statement for voting trust certificates for 150,000 shares of common stock of Celotex Corp. common stock, no par value.

Offering—(See Celotex statement No. 2-5112.) The syndicate has formed the voting trust for the common stock of the company, and an opportunity will be afforded to the members of the syndicate (mentioned in statement No. 2-5112) and to all others who purchase such stock, to deposit their shares of common stock thereunder and receive voting trust certificates. Additional shares of common may be deposited upon application of the holder and with the consent of the voting trustees, but voting trust certificates are not to exceed 150,000 shares of common stock.

Purpose—To form voting trust.

Registration Statement No. 2-5113. Form F-1 (3-24-43).

Amendment filed April 28, 1943, to defer effective date.

HOUSTON LIGHTING & POWER CO.

Houston Lighting & Power Co. has filed a statement with the SEC for 242,664 shares of common stock, without nominal or par value. The stock is already issued and outstanding.

Address—900 Fannin St., Houston, Tex.

Business—Operating public utility.

Offering—Price to the public to be supplied by amendment.

Underwriting—The shares to be offered are owned by National Power & Light Co. Statement which was filed by Houston says that latter has been advised by National that no firm commitment to purchase the securities registered has been made.

Proceeds—Proceeds from sales will go to National Power & Light Co. The proposed sale is part of the program of National to liquidate in compliance with an order of the Securities and Exchange Commission. As part of this program National proposed to divest itself of its entire holdings of Houston common through the exchange of its holdings of Houston common for its own $6 preferred on basis of two shares of Houston common for one share of National preferred. The total amount of Houston common offered was 500,000 shares, of which 257,336 shares were accepted in exchange to Dec. 31, 1942, termination of the offer. The stock being registered represents the balance of National's holdings after the termination of the exchange offer.

Registration Statement No. 2-5117. Form A-2 (3-30-43).

Amendment filed April 16, 1943, to defer effective date.

Bids—National Power & Light Co. on April 28, 1943, asked for bids to be opened May 10, 1943, on 242,664 shares of common stock of Houston Lighting & Power Co.

Registration statement effective 5:30 p. m. (EWT) on April 26, 1943, as of 5:30 p. m. (EWT) on April 18, 1943.

INTERNATIONAL MINERALS & CHEMICAL CORP.

International Minerals & Chemical Corp. has filed a registration statement for 184,861 stock purchase warrants and 184,861 shares of common stock, par value $5 per share.

Address—20 North Wacker Drive, Chic.

Business—Engaged, directly or through subsidiaries, in the mining and sale of phosphate rock and preparation and sale of complete or mixed fertilizers.

Underwriters—Hornblower & Weeks and Hallgarten & Co. may be deemed to be underwriters as defined in the Securities Act of 1933.

Offering—A total of 150,000 stock purchase warrants are to be offered to the public at prices to be fixed by amendment. If the balance of 34,862 stock purchase warrants are offered the terms will be supplied by post-effective amendment. All of the present outstanding stock purchase warrants of the company were originally acquired by the First York Corp. Hornblower & Weeks and Hallgarten & Co. purchased 25,000 of the stock purchase warrants from First York Corp. and have the right to purchase additional warrants.

Proceeds—The company will not receive any of the proceeds of the stock purchase warrants being offered, but will receive $8.125 per share for each share of common stock, if any, sold through exercise of stock purchase warrants. Any proceeds received by the company will be added to the working capital.

Registration Statement No. 2-5124. Form S-1 (4-9-43).

PUBLIC SERVICE CO. OF INDIANA, INC.

Public Service Co. of Indiana, Inc., has filed a registration statement for $38,000,000 first mortgage bonds, series E. 3¼%, due May 1, 1973.

Address—110 North Illinois Street, Indianapolis, Ind.

Business—Public utility operating in the State of Indiana and is engaged principally in the production, generation, manufacture, purchase, transmission, supply, distribution and sale of electric energy and gas and in the supply, distribution and sale of water.

Offering—Bonds to be offered for sale at competitive bidding under Rule U-50 of the Commission. Price to the public will be supplied by post-effective amendment.

Underwriters—Names of underwriters and amounts of underwriting will be supplied by post-effective amendment.

Proceeds—To be applied toward the redemption, within 40 days after the issuance and sale of series E bonds, of $38,000,000 face amount of Public Service Co. of Indiana, first mortgage bonds, series A, 4%, due Sept. 1, 1969, at 106¼% of the face amount which will require $40,375,000 exclusive of accrued interest and expenses. Any additional moneys will be paid out of other funds in the company's treasury.

Registration Statement No. 2-5123. Form A-2 (4-7-43).

Registration statement effective 3 p. m. (EWT) on May 28, 1943.

Proposals will be received by the company at its office, Room 1534, Field Building, 135 So. La Salle St., Chicago, up to 12.00 o'clock noon (CWT) May 10, 1943.

YORK CORRUGATING CO.

York Corrugating Co. has filed a statement with the SEC for 50,000 shares of common stock, $1 par value. The stock is presently issued and outstanding and does not represent new financing.

Address—Adams Street and Western Maryland Railroad, York, Pa.

Business—Normal manufacturing facilities are primarily designed for pressed drawn and stamped metal products. About 95% of the company's manufacturing facilities are now devoted to war production.

Underwriting—Floyd D. Cerf Co., Chicago, is named principal underwriter.

Offering—Offering price to the public is $6.50 per share. Selling stockholders are Western National Bank of York, Pa., as trustee under the Benjamin S. Taylor Trust 28,013 shares, and Dr. Charles P. Rice, York, Pa., 30,750 shares.

Proceeds—To selling stockholders.

Registration Statement No. 2-5118. Form S-2 (3-30-43).

(This list is incomplete this week)

Municipal News And Notes

(Continued on page 1674)

ice requirements of $57,513 for the balance of 1943, which amount includes $35,000 payment of principal."

Winter Haven is said to have a current assessed valuation of $11,739,856 and an estimated population in the tax-paying area of 12,000. Net bonded debt is reported at $2,018,228. The city, it is said, is in the heart of the rich Polk County citrus section and has a total of 23 packing houses in and immediately adjacent to the city.

Mississippi State Highway Bond Facts Reported

With the retirement of $1,124,000 principal amount on Aug. 1, 1943, the State of Mississippi will have redeemed more than $11,000,000 of its highway bonded debt since February, 1938, it is pointed out by M. A. Saunders & Co., Memphis, Tenn., in a recently prepared pamphlet titled "Facts Concerning State of Mississippi Highway Bonds." The bonds are not general obligations of the State, but are payable from, and are a first lien on, the proceeds of a 6-cent per gallon gas tax. Total bond principal and interest charges on the highway debt for 1943, 1944 and 1945 are reported at $1,939,788, $3,851,384 and $3,848,097, respectively.

Pointing out that the gas tax levy produced a yield of $14,126,183 in 1941 and $13,065,940 in 1942, the circular observes that total debt service requirements for 1944 and 1945 are approximately $3,850,000 per year. It thus appears, it is said, that the gas tax would have to decrease more than 72% from the 1941 collection, and more than 70% from the 1942 level before it would affect principal and interest requirements on outstanding bonds. In addition, an even greater decrease would be necessary before it would affect the interest charges alone.

As gas tax income for the first four months amounted to $3,385,910, it is estimated that the State's total income from that source for the year of 1943 should be in excess of $10,150,000, which will be more than 2.6 times both principal and interest needs. The decline in collections for the first four months of 1943 as against the corresponding period of 1942 has been only 24% as against an anticipated decline of 35% to 40%, according to the circular, which contains a table showing the gasoline tax collections for each month since January, 1941.

Philadelphia Bond Exchange Offer Extended To Oct. 30

The Philadelphia, Pa., City Council adopted an ordinance on April 29 providing for extension to Oct. 30, 1943, of the bond exchange offer through the original nation-wide banking group headed by Drexel & Co., Philadelphia, and Lehman Bros., New York City, under which certain of the city's outstanding bonds, optional for redemption up to 1953, can be exchanged for refunding bonds of 1942. A total of 39 leading investment firms and banks are handling the program.

The offer has been in effect since Nov. 16, 1942, and was originally scheduled to have terminated on May 1, 1943. Coincident with the announcement of the extension, it was disclosed that over $41,000,000 of the outstanding bonds eligible under the offer had already been tendered for exchange. In addition, the managers of the bond exchange group reported that bonds in all series, with the exception of series AA, which has been closed out, remain available for exchange under the plan.

Major Sales Scheduled

The calendar of future bond offerings of $500,000 or more is restricted, at this writing, to an issue of $686,614 Toledo, Ohio, refundings, bids on which will be opened May 18, instead of on May 11 as originally announced. Furthermore, all signs point to a continued dearth of activity in the new issue field. With the second war bond drive successfully concluded, an acceleration in trading activity is anticipated, accompanied by further improvement in the price structure. In this respect, it may be observed that the pessimism felt in the trade that the latest war bond drive would adversely affect list prices appears to have been largely unwarranted. Actually, the reverse was true in many instances and, in addition, bonds of various subdivisions have recently been traded at all-time high levels.

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Our Reporter On "Governments"

By S. F. PORTER

The big play in the market during the next few weeks should be in the new 2s of 1952/50. . . . Here's where the speculative interest is concentrated and here's where the best profit possibility should lie. . . . The reasoning behind this statement—unusual in view of the fact that the longer-term 2½s would be the natural issue to choose for buying and trading—may seem odd to you, but consider these points and then judge for yourself. . . .

During this last campaign, the commercial banks were barred from buying the 2s until the last three days of the drive. . . . Their oversubscriptions were tremendous, their allotments unquestionably will be small. . . . Smaller than on the 1¾s of 1948, no doubt, and those bonds now are selling at 100.20 against an issue price of par. . . .

During the previous campaign, the commercial banks bought their 1¾s at the beginning of the drive and after their subscriptions were in the books on the 1¾s remained open for a fortnight. . . . Banks oversubscribed the 1¾s, received small allotments. . . . But . . . . They were able to build up their positions through the simple step of asking a "friend" eligible to buy the 1¾s to "put in an allotment" for them and arranging to buy back that allotment at a 1/64 or 1/32 premium after the closing of the books. . . . An easy way to get around the restriction on bank purchases and undoubtedly a factor in the Treasury's decision to forbid bank buying of the 2s this time until the last three days. . . .

So in December, when the books were closed, the banks didn't have to rush into the market and build up their positions of 1¾s to the extent that might have been indicated under different circumstances. . . . They bought the 1¾s, of course, but gradually. . . . The 1¾s didn't really start up until mid-January, you will recall. . . . The banks didn't recognize just how much they wanted these securities until some weeks had passed. . . .

But it's different this time. . . . The commercial banks do not have enough of the 2s. . . . Their allotments totaled only 16%. . . . They have excess cash they want to invest. . . . They're finding out at this minute that their holdings of the 1952/50 2s aren't so satisfactory. . . .

It is logical for them to enter the market, bid up for the 2s and thereby give the major play to this shorter-term bond in the April basket. . . .

THE MARKET'S REACTION

Experts believe, therefore, that the 2s will get the full benefit of allotment deficiencies over the coming weeks. . . .

They also point out that the average individual buyer naturally went for the 2½s, that the supply of the 2½s is larger than the supply of the 2s. . . . And banks can't buy the 2½s anyway, so that issue can't get the benefit of demand from the biggest traders of all. . . .

As for premiums, well, as this is being written, the market still hasn't settled down enough to tell. . . . But chances are the 2s, starting out at about ¼ point premium, will get up to ⅝ or ½ in a few weeks. . . . That's not so bad. . . .

There's one rule that seems to be coming out of this situation. . . . The major trading activity after a new financing may be anticipated in the securities that commercial banks can buy. . . . So if that's what you are after, concentrate on those primarily. . . .

NO LIQUIDATION

The tax-exempts are holding beautifully, have been throughout the last few weeks. . . . General feeling during the last week of the campaign was that we would see some selling of tax-exempts by institutions interested in playing the taxables for the short run. . . . But this didn't develop on any worthwhile scale. . . . The exempts held up, continued to attract enough support to keep the price level virtually unchanged. . . . Which is equivalent to a first-rate rise under the circumstances and considering the advance that had gone before. . . .

There really hasn't been any liquidation to speak of in the market for some time. . . . And none seems to be coming out now. . . . Of course there have been and are free riders around (and this writer, personally, is glad to see free riding come back, for it indicates widespread market interest, adds color to the market and reflects confidence in the ability of the Treasury to put over a financing successfully). . . . And the free riders may cause some ups and downs in prices that otherwise wouldn't be understandable. . . . But that will be over soon, too, and the big point is that the market is steady and acting well following the largest borrowing operation in the history of the world. . . .

NOT UNTIL OCTOBER

For the time being, and during the next 30 days or so, we won't want to hear anything about another borrowing. . . . We've just finished with one, just left a three-week period of concentration on new issues that has no parallel in our financial history. . . . But consider this point:

After this "tired out" feeling has gone, people will begin to think of the next time new issues will be available at par. . . .

And after they've thought about that for a while, they will discover the next borrowing is going to be delayed because the Treasury has enough money to carry itself through the Summer. . . .

And if August is passed over, September will be, too, for that's the month for income tax payments and Treasury policy surely would dictate a war loan campaign uninterrupted by an income tax date. . . .

And that would mean October. . . .

And that would mean that, as of today, you may look forward to a breathing spell lasting six months. . . . Which is far, far better and a far, far more important point from price point of view than most observers recognize. . . .

The Treasury, incidentally, is running along at about a $265,000,000 deficit per day. . . . Expenditures for war purposes are running about $255,000,000 over receipts, and for domestic purposes about $10,000,000 over receipts. . . . In March, the month of $4,700,000,000 in tax receipts, the deficit mounted up to $2,100,000,000, for war spending amounted to $6,700,000,000. . . . At the end of last December the Treasury's working balance amounted to almost $10,000,000,000, but three and one-half months later the working balance was down to $1,700,000,000. . . .

These figures mean simply this: the Treasury has to put over quarterly or semi-annual borrowings of this size and more if it is to pay for war expenditures. . . . The balance now is way over $11,000,000,000 and it will be even higher when all the figures are added in (maybe by several billions), but this money can last just so long. . . . And that means another borrowing this year, no matter how we make out in the tax arguments. . . .

INSIDE THE MARKET

Tax note buying is going to continue despite the end of the drive, for several corporations are known to have worked out programs for month-to-month buying of these and instead of concentrating their purchases during April they insist they want to do it on a regular basis. . . . Incidentally, buying of tax notes always picks up in the last few days of the month because the notes carry interest from the first of the month in which they are sold and corporations buying late have the double advantage of interest and use of their cash. . . .

Floating supply of municipal issues falling steadily, now one-half what it was at this time four weeks ago. . . . Tax-exempt municipals still in heavy demand and will be in even heavier demand when tax talk starts again. . . .

For investment policy formula, read the New York State Bankers Association's bulletin to its members last week, advising banks to place "hot money" in discount bills, to keep fully invested through this safe device, to go on from there with own policy. . . .

Irving Gersten Partner In Shepard, Scott Co.

Irving Gersten who has been associated with Shepard, Scott & Co., 44 Wall Street, New York City, for many years in charge of the trading department, has been admitted to general partnership in the firm, effective as of May 1.

Effect of Decisions of U. S. Supreme Court on Reorganization Rails

An interesting circular discussing the effect of the U. S. Supreme Court decisions on reorganization rail securities, with particular reference to the Chicago North Western Decision and what the cash means, has been prepared for distribution by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies of this circular may be had from the firm upon request.

J. L. Richmond Now With Reynolds & Co.

James L. Richmond, formerly President of J. L. Richmond & Co., Inc., has become associated with Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange and other leading national Exchanges.

Clothing Stock Looks Good

An interesting descriptive circular on Fashion Park, Inc., which the firm believes offers attractive possibilities, has been prepared for distribution by Blauner, Simons & Co., 25 Broad Street, New York City, members of the New York Stock Exchange. Copies of this circular may be had from Blauner, Simcns & Co. upon request.

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The Business Man's Bookshelf

Counterattack! — Motorized America Geared to War—Myron M. Stearns—Automotive Safety Foundation, Washington, D. C.—paper.

Economic Questions of Interest to the Americas—Resolutions of the First Plenary Meeting of the Permanent Council of American Associations of Commerce and Production—U. S. Committee to the Permanent Council of American Associations of Commerce and Production, 1615 H. Street, N. W., Washington, D. C.—paper.

Harold B. Koster Now With John Galbraith

(Special to The Financial Chronicle)

PORTLAND, ORE.—Harold B. Koster has become associated with John Galbraith & Co., Porter Building. Mr. Koster was formerly with Russell, Hoppe, Stewart & Balfour for a number of years. Prior thereto he conducted his own investment business in Portland.

E. A. McQuade V.-P. Of First York Corp.

Edward A. McQuade, formerly Vice-President of Central National Corporation, has become Vice-President of First York Corporation, 50 Pine Street, New York City.

Ampco Metal Interesting

The current situation in Ampco Metal. Inc. offers interesting possibilities from a long-range standpoint according to a circular just issued by Ryan-Nichols & Co., 105 South La Salle Street. Copies of this attractive circular may be had from the firm upon request.

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de Saint-Phalle To Admit L. Liebenguth

Louis J. Liebenguth will become a partner in de Saint-Phalle, van Heukelom & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, as of May 13. Mr. Liebenguth was formerly Manager of the foreign department of the New York office of Montgomery, Scott & Co. and prior thereto served in a similar capacity with Hallgarten & Co. In the past he was a partner in de Saint-Phalle & Co.

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The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 157 Number 4174 New York, N. Y., Thursday, May 6, 1943 Price 60 Cents a Copy

The Financial Situation

In all the post-war planning and discussion which has been flooding this and other countries for months past, one thought runs like a scarlet thread. It is that private industry must provide full and more or less continuous employment—that, and the added warning that if private industry fails to supply every man and woman who wants a job with work Government will. The next step usually is to estimate how many men and women will be seeking employment. More often than not there then follows an estimate of the "national income" required to reach the objective set forth. The discussion does not always end here, but all too frequently it runs its course before the participants have made it clear that they understand that they have fallen far short of complete analysis of the problem even in hypothetical terms.

The Heart Untouched

It is assumed in post-war plans, of course, that most of the men and women will be employed in peacetime pursuits, and that the "national income" will be derived from the production and distribution of peacetime goods and services, but not many analysts go very much further than that. Yet our wartime experience should have plainly suggested—if experience were necessary for the purpose—that estimates of the volume of employment or unemployment, and of "national income" leave the heart of peacetime economic problems quite untouched. For some years before the outbreak of war Germany was continually boasting that there was no unemployment within her borders, but no one even attempted to assert that the people of Germany were enjoying more of the necessaries or comforts of ordinary existence by reason of this full employment. Since the war started the people of that country have been more busily occupied than ever, but have been obliged to do without more and more of the good things of life.

In this country, at the present time, there is no unemployment. Indeed a rather drastic shortage of manpower exists or threatens, and our "national income" is at a figure never

(Continued on page 1683)

A Statesman Speaks

"Speaking, as I can only for myself, I am happy to outline briefly my present views:

"(1) Corporate and individual income taxes cannot be increased.

"(2) Reserves for post-war contingencies and for conversion to peacetime activities and for deferred maintenance and repairs, must be established and built up out of earnings during the war.

"(3) The present rate of tax upon capital gains may prove too high—certainly it should not be increased—and the greatest benefit of the special treatment of capital gains and losses lies in a certainty of their stability.

"(4) A system of encouraging the purchase of war bonds out of current earnings is preferable to a scheme of compulsory saving.

"(5) Our tax laws and policies should not be nullified by the imposition of taxes by uncontrolled administration under the guise of renegotiation or price fixing.

"(6) There are several potent mistakes which must be corrected, particularly in the excess-profits tax and the post-war credit provisions.

"(7) A reasonable pay-as-you-go plan for individuals should be adopted.

"(8) If we require greater revenues than the present laws will produce, they should be sought from new sources, and a general sales tax should be considered.

Walter F. George

"(9) The non-war expenditures of our Government, both during and after the war, must be maintained at a minimum.

"(10) The excess profits tax should be repealed or greatly reduced promptly upon the cessation of hostilities.

"(11) The profits of industry should be taxed but once, and we must find a satisfactory substitute for the present system of taxing them as earned and again as they are distributed."—Senator Walter F. George.

It is not necessary to agree in detail with all the Senator's ideas about taxation to be thankful that the President was unable to purge him from public service.

House Adopts Compromise Pay-Go Tax Plan To Abate 75% Of 1942 Income Liability

The House on May 4 adopted a compromise pay-as-you-go income tax bill designed to put 90% of the nation's taxpayers on a current collection basis this year and cancelling about $7,500,000,000 of the 1942 tax liability. This measure, embodied in a bill sponsored by Representatives Robertson (Dem., Va.), and Forand (Dem., R. I.), would abate the 6% normal and 13% first-bracket surtax of the 1942 income of all taxpayers. This would erase the 1942 liability completely for small taxpayers, about 90% of the total, and mean a substantial reduction for others.

Passage of this compromise proposal by a vote of 313 to 95, came after the House had defeated for the second time the Ruml skip-a-year tax plan. By the narrow margin of 206 to 202, the House rejected the bill by Representative Carlson (R., Kan.) embracing a modification of the Ruml plan, which would by-pass a full income-tax year with safeguards against large windfalls due to wartime spirals in income.

The Administration-backed Doughton bill was recommitted to the Ways and Means group with instructions to report instead the Robertson-Forand measure. The Doughton measure would tax 1942 personal income by the much easier 1941 rates and exemptions and amortize the reduced 1942 liability over a three-year period, while at the same time collecting taxes on current income. The abatement of 1942 taxes under this plan was estimated at 50%, or about $5,000,000,000.

Achieving currency of tax payments for all taxpayers on the same basis through abatement of the basic tax liability (6% normal; 13% surtax) the Robertson-Forand plan would operate as follows, according to Washington advices to the New York "Journal of Commerce":

1. That part of the March 15 and June 15, 1943, tax installments which corresponds to the 19% basic liability would be treated as advance discharge of the 1943 basic liability. Any excess of 19% would be credited to 1942 tax payments.

2. Sept. 15 and Dec. 15 installments on the 1942 tax would be required only with respect to liabilities exceeding the basic 19%.

3. The basic 1942 liability would be forgiven outright.

4. Withholding at source would begin July 1 from wages and salaries at a 20% rate on income exceeding $11 weekly for single persons; $26 for a married person claiming the entire personal exemption as head of the family, with an additional $8 for each dependent other than the first.

5. For income not subject to collection at source, current payments of the basic liabilities will begin with the third quarter of 1943 on the basis of simple quarterly statements of income. These will permit the use of 1942 income as a presumptive basis where desired.

6. All liability above the basic 19% would be collected in the year following receipt of income as under existing law.

In its report the Democratic majority of the House Ways and Means Committee on May 1 said that there is sound reason for granting 50% tax relief but called

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Wider Powers To Ickes Covering Solid Fuels

President Roosevelt, in an executive order issued April 23, extended Secretary of the Interior Ickes' powers over solid fuels. The President's order empowered Secretary Ickes as Solid Fuels Administrator to issue "necessary policy and operating directives" to the solid fuels industries "to assure for the prosecution of the war the conservation and most effective development and utilization of solid fuels."

Harold Ickes

The order specifically directs that rationing authorities consult Secretary Ickes on any plans or proposals for ration of solid fuels and gave him the final voice after advising with the War Production Board.

"Solid fuels" are defined in the order as to include anthracite, bituminous, sub-bituminous and lignite coals, including packaged and processed fuels, while "solid fuels industries" are described as meaning "the development, production, preparation, treatment, processing, storage, shipment, receipt and distribution of solid fuels."

As Fuel Administrator, Mr. Ickes will take over from the War Production Board the distribution of machinery and other supplies among the solid fuels industry but the WPB will still determine the over-all amount which can be allocated for such purposes.

The Office of Price Administration is directed to consult with Secretary Ickes before fixing or changing any solid fuel price schedules.

Mr. Ickes said in a statement that he would "vigorously carry out a program in an effort to assure that we shall have adequate coal and other solid fuels to meet our tremendous wartime requirements."

"We cannot win this war without adequate coal," he continued. "It is the primary source of industrial energy and is essential to the health and welfare of the people.

"It is the responsibility of every person concerned in the coal supply—from the miner and the producer on down to the consumer—to do his full part in seeing that adequate coal is available to bring about the defeat of the enemy as soon as it is humanly possible to do so."

From Washington Ahead Of The News

By CARLISLE BARGERON

Among those things for which we are fighting to preserve in America, your correspondent prays that one of them is "crises." Without a crisis in our national life from time to time I can't imagine what I would do and I imagine there are millions more like me. Life would be tremendously dull. It would just be a case of living from day to day, and notwithstanding that the New Deal made a great play about taking care of old people, of giving them "security," I have always thought that the bane of old people was "monotony." So the thing to give them is an occasional crisis.

Now, honestly, looking back on it, would you have missed for anything in the world, the crisis you have just passed through in the matter of FD versus the giant, John L. or vice versa. The facts in the matter are of little importance. It so happens that several weeks ago, at a time when John L., the Giant, kept asking the mine operators to make him a counter proposition and the operators remained adamant because they though the order of the day was to lick John L., the Giant; at about this time Frances Perkins stepped in and offered a compromise on the basis of the miners

(Continued on page 1685)

Editorial—

"Excess Purchasing Power"

By WILLIAM GARFIELD LIGHTBOWNE*

In spite of the President's "hold-the-line" order, the battle against inflation is in grave danger of being lost unless more of our citizens can be enlisted in the fight. Every breach in the line by one group is used as an excuse for demands by others. Scarcity creates a seller's market—for labor, for farm produce, for consumers' goods of every description—and in so doing it places tremendous and dangerous power in hands untrained to use it wisely. The temptation to use this power to extort temporary and illusory benefits is overwhelming, especially on the part of those who, in their ignorance of economic processes, are prone to measure "benefits" in terms of money units whose value recedes in exact proportion to the rise of inflation.

Social discipline is thus undermined at the very time when the stern necessities of war are subjecting our democratic institutions to the severest strain.

This situation lays a heavy burden upon all who, by voice or pen, are in a position to influence public opinion. For the battle against inflation will be won or lost in the ranks of the millions of those with relatively small incomes, who yet receive, in the aggregate, by far the largest part of the national income. There are approximately fifty million families and independent earners in this group, and it is the increase in their purchasing power under war conditions, combined with the decrease in the supply of consumers' goods, that is creating the irresistible upward push on prices.

Economic experts and responsible statesmen understand the dire necessity of draining off this "excess purchasing power" if we are to avoid inflation. But it would be too much, perhaps, to expect that the factory worker or garage mechanic whose income has jumped from $30 a week to $50 or more should be impressed by talk of "excess" purchasing power. The increasing cost of living, the long years of dearth during the depression, and the human desire to "make hay while the sun shines" would probably make him deaf to all warnings about inflation. And yet, unless we can get his willing and understanding cooperation, it is not likely that the present breed of politicians will dare to take the measures necessary to avert disaster.

Here then is reason, if no other existed, for making every effort, through payroll deductions and other plans, to stimulate the sale of war bonds among wage earners and others in the middle and lower income brackets. Every dollar so invested is a dollar diverted from the market for consumers' goods and made available for use during the inevitable period of readjustment when the war is over.

This is the surest and probably the only feasible way to enlist the willing cooperation of those whose cooperation we must have in order to stave off the evil day when, in spite of all our efforts, we may have to choose between the hideous dangers of uncontrolled inflation and further restrictions on our cherished liberties.

** Member of the staff of "The Commercial & Financial Chronicle."*

The State Of Trade

Reports from the heavy industries, generally, continue favorable, with the retail trade showing up exceptionally well the past week. While the steel industry continues to hold at high levels of production, there are certain developments threatening that could cause quite a serious setback to production. In addition to a threatened curtailment of coke supplies through a coal strike that might yet develop, the steel industry today is also facing a shortage of raw materials, according to the "Iron Age."

The delay in opening the Great Lakes movement of iron ore because of the heavy winter is resulting in a severe drain on the scrap piles. Another factor is the closing down of numerous blast furnaces for repairs.

The scrap situation, as a consequence, may come back into the spotlight with renewed efforts for increased collections of metals.

Electrical energy distributed by the electric light and power industry for the week ended April 24 totaled 3,925,175,000 kwh., an increase of 19.9% over the total of 3,273,190,000 for the like 1942 period, according to figures released by the Edison Electric Institute.

The Pacific Coast area showed an increase of 32.6% over the like 1942 week, while the Southern States section was next with 24.9%. The smallest gain—there were no losses—in the nine geographic regions of the United States was in the New England area, with 9.5%.

Consolidated Edison Co. of New York reports that output of electricity for the week ended April 25 was 174,000,000 kwh., against 141,900,000 for the like 1942 week.

Carloadings of revenue freight for the week ended April 24 totaled 794,194 cars, according to reports filed with the Association of American Railroads. This was an increase of 13,286 cars from the preceding week this year, 67,163 cars fewer than the corresponding week in 1942 and 72,567 cars above the same period two years ago.

This total was 121.95% of average loadings for the corresponding week of the 10 preceding years.

Department store sales on a country-wide basis were up 29% for the week ended April 24, compared with the like week a year ago, according to the Federal Reserve Board.

Store sales were up 15% for four weeks ended April 24, compared with the like period a year ago.

Department store trade in New York City in the week ended May 1 was unchanged, compared with the corresponding 1942 week, according to the Federal Reserve Bank.

In the week ended April 24, sales of the same group of stores had shown an 18% rise above a year ago. In the four-week period ended April 24 they had been 8% above 1942 figures.

Department store dollar sales in New York City moved forward to a new April high last month, bettering business of the comparative 1942 period by 9%, according to an authoritative source. The lateness of Easter this year threw the bulk of the buying usually associated with this season of the year into April, whereas an earlier Easter in 1942 had centered such purchasing in March.

It is the belief that had it not been for the unseasonable weather which held forth during the greater part of the month, April sales undoubtedly would have risen to much higher levels.

Independent retail sales, based on reports from 19,663 stores representing most kinds of business except department stores, were up 13% in March, 1943, over March, 1942, according to an announcement by J. C. Capt, Director of the Census. For the year to date, dollar volume was 12% larger than for the corresponding three months of 1942, and for March this year over the preceding month a 12% gain was noted.

Retail sales for the first quarter this year were at a record-breaking adjusted annual rate of $63,000,000,000, the Department of Commerce disclosed recently.

Sales of all retail stores in the nation for the first three months of 1943 aggregated $13,990,000,000, a gain of about 10% compared with the 1942 period.

March sales aggregated $5,052,000,000, compared with $4,504,000,000 in February, $4,434,000,000 in January and $4,474,000,000 in March last year.

Despite the large March total, the gain over February was less than seasonal and the Department's adjusted index fell to 160 for the month, from 170 in February.

N. Y. Repeals Law Requiring Stamps On Stock Transfers

In signing on April 19 the Mitchell bill eliminating the requirement that stamps be affixed to all transferred stocks and securities, Gov. Thomas E. Dewey said the change will save the State between $15,000 and $20,000 and relieve brokers of the necessity of maintaining large stocks of stamps, paid for in advance. Under the new law, registered stock exchanges or affiliated clearing corporations may collect the tax, if permitted under the rules of the State Tax Commission. They will make the necessary certifications upon the securities and to the Tax Commission.

Stephens Investment Bills Approved

Other measures approved by the Governor include the Stephens bill authorizing the Banking Board to increase from $25,000 to $50,000 the limit on trust company investments of the net aggregate amount of any estate, trust or fund in a common trust fund, if the Federal Reserve Board of Governors agrees thereto.

He also approved the Stephens bill forbidding industrial banks to accept deposits which will increase their net deposit liabilities, as defined in Section 111, Subdivision 2 of the Banking Law, to more than 10 times their capital, surplus fund and undivided profits.

Private Housing As Against Public Housing In War Program Fared Better Than Anticipated

Mortgage Bankers Ass'n Report Shows Private Housing Has Done Principal Job

The war-housing program has now reached a point where private interests can accurately judge for themselves the importance of private housing's role as against public housing, and the record clearly shows that the former has done the principal job, is the conclusion of a report released May 1 by Charles A. Mullenix, President of the Mortgage Bankers Association of America.

The study was begun March 1 by Mr. Mullenix to clear up some of what he termed the apparent confusion existing in the minds of many private builders and mortgage bankers as to just how private interests were faring in the program. Some of them, he said, from available data had concluded that housing financed and built by Federal funds outnumbered that financed and built privately by a two-to-one ratio. The results of the study show, he said, that this is not an accurate picture.

A feature of the report is that about $2,000,000,000 of Federal funds have been appropriated or alloted for public housing as against at least $3,000,000,000 of private investment in the program.

One of the policies disclosed in the report is the statement of John B. Blandford, Jr., Administrator, National Housing Agency, to Mr. Mullenix that "if the war-housing need in any locality is for family accommodations which can be permanently absorbed by the community, and if the private builders can meet necessary war requirements, then we schedule privately-financed construction."

"Thus private housing gets the first opportunity to do the job if the housing is permanent and if private builders can meet war-time requirements. But if only temporary housing is needed, housing built and financed with public funds will do the job," Mr. Mullenix said.

The Mullenix report includes a late recapitulation of figures compiled for him by the National Housing Agency and which show the present status of the war-housing program and which, Mr. Mullenix said, reflect the role private builders have played in the effort. It is further announced:

"A total of $1,964,439,303 has been appropriated or allotted since summer 1940 for Federal war housing financed by public funds. In addition to direct appropriations by Congress this sum includes borrowings of $55,000,000 by the Defense Homes Corp. and allotments of $274,339,303 from borrowings made pursuant to the Housing Act, as amended. These funds are financing not only the public war-housing units thus far completed, but also all other public units now under construction.

"As against this program, however, privately financed war-housing completed or started, plus the private projects scheduled by the National Housing Agency under the current program, represent an aggregate investment of at least $3,000,000,000, according to the official estimates supplied Mr. Mullenix. The present outlook is for additional war housing, both privately and public-financed, to meet the needs of war labor migration before July 1 this year.

"The report also discloses that in the publicly-financed phase of the program, 272,989 units had been completed as of Feb. 28, which includes 195,888 family units, 60,305 dormitory units and 16,796 trailers."

It is added:

"During the last six months of 1942, of the war housing assigned to the Federal Public Housing Authority, 95% was temporary construction, 3% was demountable and only 2% represented permanent housing. This indicates that the Federal Government is not using public funds to build a large amount of permanent housing which will plague the real estate market after the war and that it is also using, wherever possible, temporary housing that can be built as quickly as possible."

As a further indication of the temporary nature of the Federal Public Housing Authority's program, this agency is endeavoring where possible to place temporary projects on leased sites rather than purchasing land for them, says the report.

As to the remainder of the war-housing program, official figures secured by Mr. Mullenix show that there were 150,000 privately-financed family dwelling units still to be started as of March 1 as against 130,000 publicly-financed units of all types.

Mr. Mullenix likewise says:

"The facts of the study tend to show that private war housing will fare better in the future than in the past. National Housing Agency Administrator Blandford's policy of encouraging private builders to do the housing job wherever possible is encouraging to private enterprise."

In his report to the MBA members he said that what remains to be done now largely centers in individual communities where some local Federal housing officials who may be too "public housing-minded" might tend to recommend public housing projects when private projects are possible and in the public interest.

Churchill Praises American War Effort

Prime Minister Winston Churchill of Great Britain has extended to American management and labor his "deepest appreciation" for their accomplishment in supplying materials of war to men on the Allied fighting fronts.

The Prime Minister expressed his thanks in a message read at the annual banquet in New York of the Chamber of Commerce of the United States on April 29. Mr. Churchill's message, sent through Lord Halifax, British Ambassador, to Eric Johnston, President of the Chamber, follows:

"Please allow me to extend to American management and labor my warmest and deepest appreciation of what it has accomplished since your last meeting in supplying materials of war to men on Allied fighting fronts.

"We asked for tools. You gave them to us. Without the constant flow from your factories to supplement output, Allied armies could not have gained the remarkable victories of last six months. Without ships that you have built and are building on a prodigious scale, the life-lines of civilization across the oceans of the world would have been worn thin, if indeed they had not snapped. All our future efforts to accomplish purposes of this righteous war against aggression and to bring it to a final decision at earliest moment depend upon faithful exertions of munitions plants and kindred industries of every description. These will assuredly be forthcoming in generous measure from all true friends of freedom and with them we may move forward together in comradeship and indeed in brotherhood through overthrow of our embattled enemies in Europe and Asia to that brighter age which is our heart's desire."

The Financial Situation

(Continued from first page)

before dreamed of. Yet food is not in plentiful supply and is likely to be more difficult to obtain before the year is out. Many of the other things which we had grown to think of as very nearly, if not quite, essential to our ordinary existence are not obtainable at all. We are being obliged daily to "tighten our belts" despite "full employment" and an unprecedented "national income." Evidently it is quite possible for "full employment" and a huge "national income" to go hand in hand, not with a more abundant life, but with privation.

It Can Happen In Peacetime

Let no one say it could not happen in peacetime. It did happen in peacetime in Germany. Indeed, it, or something very like it, happened in peacetime Russia. It could happen in peacetime America. It would happen in peacetime America if we should be so foolish as to undertake fully to follow the pattern set forth by some of the more ambitious among the dreamers in Washington. Indeed, it might very well happen in this country for a time after the war should we embark upon a grandiose scale to "rehabilitate" the world—not only to assuage the hunger and suffering of despoiled peoples as best we may, but actually undertake to "set them up in business" again, as more than one of the New Deal groups have suggested. It could happen—even if we assume a price level approximately that of the present—in substantial measure at least as the result of public policy which insisted upon huge expenditures for wholly unproductive purposes as is suggested in virtually all the official plans to date.

It could happen if private enterprise generally were to adopt the policy—assuming it could obtain the funds—of spending money and furnishing employment merely for the purpose of increasing "national income" and enlarging employment. We do not believe it will be so foolish as to adopt any such policy. It could not continue it very long for the simple reason that it would run out of funds. All men and women then would be seeking work; and there would be no employers left. There is not the slightest doubt in our minds that American business men are as familiar with this fact as are we. Yet few voices are raised to point out the emptiness of much of the clamor—even among business men—to the effect that "private business" must furnish full employment after the war to survive. "Private business"—if the term is to be defined, as apparently it usually is, to exclude the employees—exists not to "furnish employment" but to make money. It has no other reason for existence, and indeed can not long continue to exist unless it does make money.

How To Make Money

It can continue to make money only if it produces the things the people want at a price the people can and will pay. It serves a useful broad social purpose only under these conditions. A private enterprise devoted to making more of any sort of goods than the public wants, or any sort of goods that the public does not want at all—or, of course, a product not useful in the manufacture of goods the people want—simply can not stay in business, and there is no advantage in having it stay in business. It is here that peacetime economy differs from wartime economy. At present the needs of the military establishment as determined by the authorities dominates the markets. A force outside of the economy decides what is wanted and it is the function of industry to produce it. At least this is the case in such a degree that the entire economy is dominated by it. In peacetime there can not be, save in a slave State such as Russia, any such outside arbiter over demand. The consuming public is supreme. We suspect that in the long, long run the consuming public will prove master even in such regimes as that of Russia in peacetime. At any rate, we here in America would hardly wish to establish any system under which each individual is told from above what he needs, wants or can have in the way of the ordinary things and services of peacetime life—and that he must take what is offered.

In peacetime the problems of business do not begin and end with production. The first task is to determine what the public wants and will buy, and at what price. Then the question arises as to whether these things can be produced at that price. The success or failure of any enterprise lies first of all in a correct appraisal of these factors. Then and then only can it safely proceed with the task of production. If there were anywhere a man or group of men, either in private or public life, who could, as many of the New Dealers seem to suppose they can, know in advance even with a fair degree of precision how many automobiles, how many pairs of shoes, how much cotton cloth, and all the rest the people would buy at stated prices, then it would be relatively simple to plan and effect production without waste and without idleness. No such wisdom, however, "e'er was on sea or land." That is the reason, or one of them, that it is so foolish to assert, as many in public life have been asserting, that the war has taught us how to end unemployment and promote quite successfully the more abundant life.

Or Else

What many who talk about the necessity of providing full employment after the war really mean is that private business as we know it will be politically doomed if unable to provide work for every man and woman who asks for it after the war. That may or may not be true, but there are two plain facts which must not be overlooked. The first is that private enterprise is certainly doomed if it undertakes a campaign of boondoggling in order to provide the employment demanded of it. The second is that regardless of full employment, the "national income" or any other statistical datum, our material life will not and can not be long enriched by the alternative most frequently mentioned—State socialism.

And, finally, what is "private enterprise" anyway? As currently used the term appears to connote merely the aggregate of those individuals who have quite voluntarily undertaken to provide, rather than to seek, employment—in the hope, of course, of bettering their own economic position. But if the hope of gain is unduly dimmed why should they undertake any such task? Why will they, too, not decide to seek employment—from "private enterprise" which in such circumstance must slowly become extinct?

President Favors Post-War Training For Youth; Concludes Tour Of Camps And War Plants

Following his return to Washington on April 29 from 17-day war inspection tour, President Roosevelt expressed the belief that the young people of America might well give a year's service to the Government in the post-war era making use of the industrial plants and military camps.

At a press conference giving impressions of his trip, which covered 7,652 miles and 20 States, the President said that he was convinced that the wartime establishments ought to be put to good use in the post-war era. He said he had no specific plan to offer but, according to the Associated Press, he emphasized the benefits in physical condition and mental alertness that men and women in service and war-worker uniforms had realized in the last few months. And he indicated that he thought their training should be extended to all young men and women in some form after we win the war.

The same advices added:

"Objecting to the term 'compulsory military service,' the Chief Executive preferred to speak of a year's contribution of services to the Government. Any program that develops, he said, probably would be only partly military."

The President's press conference comments of his trip, as reported in Associated Press Washington advices, follow:

1. The Army is now over the growing pains incident to its vast expansion and is grown-up. This is demonstrated not only in the excellence of its training but in its improved housekeeping practices such as its food conservation measures. A reporter noted his remark about the Army being grown-up and asked if that meant it is as big as it needs to be. Mr. Roosevelt said, no, that there has been no change in plans as to its size.

2. He was struck by the achievements of women in industry. In aviation plants, he said, from 30 to 50% of all employees are women, and in one plant the number of women is well above 50%. Among new workers, 60 to 65% are women. Mr. Roosevelt commented that this is helping tremendously in meeting the manpower problem.

3. The camps and industrial plants ought to be put to good use in the post-war era, perhaps by requiring that the youth of America give a year's service to their country. He said he had no specific program and that any one developed probably would be only

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The News Behind The News

By PAUL MALLON

This is one world, all right—but take another look at it behind the news of the day.

Paul Mallon

This war started when Germany attacked Poland, Sept. 1, 1939, and, 15 days later, Russian troops crossed Poland's border canceling Soviet - Polish treaties. Indignation in this country ran high against both Germany and Russia.

Three months later, on Nov. 28, the Soviet Government renounced its non-aggression pact (1932) with Finland, and, two days later, invaded that country. Popular American opinion against Russia hit such heights that we collected millions of dollars of our good money to aid the Finns against the Russians.

These almost unanimous public beliefs of ours prevailed for nearly two years, when Hitler suddenly (June 21, 1941) turned on Russia. All our thinking switched diametrically.

Little Finland began to fight back against Russia, but we no longer considered her as a valiant democratic nation fighting against aggression. Her fight was the same, but, this time, we looked on her as a tool of the Nazis.

Indeed, events drew us the whole way around, and soon we found ourselves also fighting on the side of Russia, contributing billions to her cause.

Only last week we withdrew most of our Embassy from Finland, presumably because she would not make peace with Russia. We could not afford to be aiding an enemy of our new ally.

All the while we harbored the exiled Polish Government which had been crushed by the Nazis and invaded by the Soviets. But this week, when the Polish Government demanded a Red Cross investigation of Polish murders, our Soviet ally practically declared itself about these people in our midst by withdrawing diplomatic recognition. The Kremlin acted quickly, without consultation.

This act seemed a shock to us, but, in view of the above history, it was logical and natural. The only reason it appeared to us as a shock was because we had nationally deluded ourselves into false assumptions.

Everyone with an eye clearly focused could see from the start that Russia was in this war because the double-dealing Hitler had invaded her homeland.

Our swiftly changing publicity promoters, however, have tried to make some propaganda mesh out of the necessities which brought us and Britain into the war on the same side and to dovetail our ideals and our purposes. They did it so enthusiastically that they got us to believing that everyone on our side looked at this war as the average American man in the street.

Perhaps they even convinced themselves—until Moscow put them right. Indeed, Moscow dispatches say she might have acted earlier against the Poles in connection with other matters. Molotoff's note says straight-out that Russia wants Polish territory.

Stalin, no doubt, will contend eventually her Eastern provinces are rightly his. It all depends on how far you go back into history which answer you get. Both sides get the one they want.

Anyone who can settle the boundaries satisfactorily to Russia and Poland has sufficient astuteness to be the leader of the world, but no one will ever fulfill that mission.

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Red Cross War Fund Over Goal By $13,000,000

The 1943 Red Cross War Fund campaign, which began March 1, has been very successful and $138,000,000 has been contributed, according to a statement issued April 30 by Walter S. Gifford, National Chairman of the 1943 Fund.

The minimum amount sought was $125,000,000, the largest amount ever asked for in one campaign by any organization in this country. In spite of March income tax payments and continued purchases of war bonds, Mr. Gifford said, millions of people—undoubtedly a record number—have contributed generously. His statement continues:

"This is evidence that however difficult the problems we face in these war times, we can make the necessary sacrifices to meet them voluntarily and cheerfully. A few places which have not yet reached their goals, some because they started late, will continue on with their campaigns, as it is necessary for them to secure their quotas in full in order to meet their Red Cross needs locally. Thus the final amount will be somewhat greater than is now reported. And so the American Red Cross through the generosity and understanding of the American people will be able to continue in full its urgent and vital services in the year to come."

The opening of the Red Cross campaign by President Roosevelt was reported in our issue of March 11, page 929.

Coal Miners Return To Work—Strike Halted—15-Day Truce Announced

About twenty minutes before President Roosevelt went on the air and denounced the coal strike as a blow at the war effort, John L. Lewis, President of the United Mine Workers of America, announced in New York, on Sunday, May 2, that he had reached an agreement in Washington with Harold L. Ickes, Secretary of the Interior, acting as Solid Fuels Administrator, for the return of approximately 500,000 coal miners to the strike-bound coal fields for a period of 15 days beginning Tuesday, May 4. The announcement, made by Mr. Lewis to reporters immediately after unanimous approval by the National Policy Committee of the U. M. W. of A., said the 15-day truce would be used by the Government and the union to work out a new wage contract for both the anthracite and the bituminous coal industry.

The nationwide strike, which became effective with the miners staying away from work on Saturday, May 1, after the 10 a.m. deadline set by President Roosevelt, is the culmination of a demand by Mr. Lewis for a pay increase of about $2 a day for the coal miners. Later that day, the President directed Mr. Ickes to take immediate possession of all coal mines in which a strike or work stoppage had occurred, or was threatened. At the same time, Henry L. Stimson, Secretary of War, was directed to take such action as he may deem necessary or desirable "to provide protection to all such persons and mines." The strike began without so much as a word from Mr. Lewis, and the miners simply heeded Mr. Lewis' publicly announced policy that they would not "trepass" on the property of the coal operators in the absence of a labor contract. Their contracts expired on March 31, and were extended until midnight, April 30, under agreement between the coal operators and the U. M. W. while the two groups strove to settle Mr. Lewis' pay-increase demand. Thus after midnight last Friday the miners were without working agreements of any kind, and they stayed away from their jobs.

The Executive Order of President Roosevelt, entitled "Possession and Operation of Coal Mines," which was released on May 1, follows:

"Whereas widespread stoppages have occurred in the coal industry and strikes are threatened which will obstruct the effective prosecution of the war by curtailing vitally needed production in the coal mines directly affecting the countless war industries and transportation systems dependent upon such mines; and

"Whereas the officers of the United Mine Workers of America have refused to submit to the machinery established for the peaceful settlement of labor disputes in violation of the agreement on the part of labor and industry that there shall be no strikes or lockouts for the duration of the war; and

"Whereas it has become necessary for the effective prosecution of the war that the coal mines in which stoppages or strikes have occurred or are threatened be taken over by the Government of the United States in order to protect the interests of the nation at war and the rights of workers to continue at work:

"Now, therefore, by virtue of the authority vested in me by the Constitution and laws of the United States, as President of the United States and Commander-in-Chief of the Army and Navy, it is hereby ordered as follows:

"The Secretary of the Interior is authorized and directed to take immediate possession, so far as may be necessary or desirable, of any and all mines producing coal in which a strike or stoppage has occurred or is threatened, together with any and all real and personal property, franchises, rights, facilities, funds and other assets used in connection with the operation of such mines, and to operate or arrange for the operation of such mines in such manner as he deems necessary for the successful prosecution of the war, and to do all things necessary for or incidental to the production, sale and distribution of coal.

"In carrying out this order, the Secretary of the Interior shall act through or with the aid of such public or private instrumentalities or persons as he may designate. He shall permit the management to continue its managerial functions to the maximum degree possible consistent with the aims of this order.

"The Secretary of the Interior shall make employment available and provide protection to all employees resuming work at such mines and to all persons seeking employment so far as they may be needed; and upon the request of the Secretary of the Interior the Secretary of War shall take such action, if any, as he may deem necessary or desirable to provide protection to all such persons and mines.

"The Secretary of the Interior is authorized and directed to maintain customary working conditions in the mines and customary procedure for the adjustment of workers' grievances. He shall recognize the right of the workers to continue their membership in any labor organization, to bargain collectively through representatives of their own choosing, and to engage in concerted activities for the purpose of collective bargaining or other mutual aid or protection, provided that such concerted activities do not interfere with the operations of the mines.

"Possession and operation of any mine or mines hereunder shall be terminated by the Secretary of the Interior as soon as he determines that possession and operation hereunder are no longer required for the furtherance of the war program."

Mr. Ickes, in a telegram to the operators of the coal mines, said in part:

"To assure production of coal necessary to win the war, the President of the United States as Commander-in-Chief of Army and Navy has directed me to take over all bituminous coal mines of above-named company. You are being called upon as a loyal and patriotic American to serve as operating manager for the United States of the mines of your company and to continue operations at the mines for the United States.

"All officials and employees are directed forthwith to perform their usual functions and duties in connection with mine operation, sale and distribution of product. Pending receipt of formal instructions and appointment, you are authorized and directed to continue operations at the mines for the United States.

"Fly the flag of the United States on the mining premises. Do all things necessary to assure operation of mines on Monday (May 3). In operation of mines use existing managerial set-up so far as practicable and take all steps within your power to encourage miners to return to work under present wages and working conditions with understanding that any eventual wage adjustment will be retroactive.

"If any act transpires requiring maintainence of order by use of military forces, communicate with regional bituminous coal manager who is manager of field office of the Bituminous Division for area in which mine is located for transmission of request to proper officials. The above-named regional manager is available for further instructions if required.

"In respect to all ordinary production and distribution problems, proceed, so far as practicable, in accordance with previously prevailing policies. Set books up so as to keep separate the period of Government operation. Continue personnel organization as nearly as practicable in accord with normal organization. Advise all supervisory employees of the program. Be governed by all applicable State and Federal laws consistent with the order pursuant to which you are acting.

"In respect to any mines which you are reasonably certain will continue in normal, regular operation, you may submit a recommendation that operation of such mines on behalf of the Government be terminated.

"If you are not acting as chief executive officer of the company, this telegram is to be considered as directed to the officer who is so acting."

In his radio address to the coal miners on Sunday, May 2, President Roosevelt stated in part as follows:

"I am speaking tonight to the American people and in particular to those of our citizens who are coal miners.

"Tonight this country faces a serious crisis. We are engaged in a war on the successful outcome of which depends the whole future of our country.

"This war has reached a new critical phase. After the years that we have spent in preparation, we have moved into active and continuing battle with our enemies. We are pouring into the world-wide conflict everything that we have — our young men and the vast resources of our nation.

"The American people have accomplished a miracle.

"However, all of our massed effort is none too great to meet the demands of this war. We shall need everything that we have and everything that our Allies have—to defeat the Nazis and the Fascists in the coming battles on the Continent of Europe, and the Japanese on the Continent of Asia and in the islands of the Pacific.

"This tremendous forward movement of the United States and the United Nations cannot be stopped by our enemies.

"Equally, it must not be hampered by any one individual or by the leaders of any one group here back home.

"I want to make it clear that every American coal miner who has stopped mining coal—no matter how sincere his motives, no matter how legitimate he may believe his grievances to be—every idle miner directly and individually is obstructing our war effort. We have not yet won this war. We will win this war only as we produce and deliver our total American effort on the high seas and on the battle fronts. That requires unrelenting, uninterrupted effort here on the home front.

"The stopping of the coal supply, even for a short time, would involve a gamble with the lives of American soldiers and sailors and the future security of our whole people. It would involve an unwarranted, unnecessary and terribly dangerous gamble with our chances for victory.

"Therefore, I say to all miners —and to all Americans everywhere, at home and abroad—the production of coal will not be stopped.

"In the present coal crisis, conciliation and mediation were tried unsuccessfully.

"In accordance with the law, the case was then certified to the War Labor Board, the agency created for this express purpose with the approval of organized labor. The members of the Board followed the usual practice which has proved successful in other disputes. Acting promptly, they undertook to get all the facts of the case from both the miners and the operators.

"The national officers of the United Mine Workers, however, declined to have anything to do with the fact-finding of the War Labor Board. The only excuse that they offer is that the War Labor Board is prejudiced.

"The War Labor Board has been and is ready to give the case a fair, impartial hearing. I have given my assurance that if any adjustment of wages is made by the Board it will be made retroactive to April 1. But the national officers of the United Mine Workers refused to participate in the hearing when asked to do so last Monday.

"On Wednesday (April 28) while the Board was proceeding with the case, stoppages began to occur in some mines. On Thursday morning (April 29) I telegraphed to the officers of the United Mine Workers asking that the miners continue mining coal on Saturday morning (May 1). However, a general strike throughout the industry became effective Friday night (April 30).

"The responsibility for the crisis that we now face rests squarely on these national officers of the United Mine Workers and not on the Government of the United States.

"But the consequences of this arbitrary action threaten all of us.

"At 10 o'clock yesterday morning (May 1) the Government took over the mines. I called upon the miners to return to work for their Government. The Government needs their services just as surely as it needs the services of our soldiers, sailors and marines—and the services of the millions who are turning out the munitions of war.

"I know only too well that the cost of living is troubling the miners' families and the families of millions of other workers throughout the country as well.

"A year ago it became evident to all of us that something had to be done about living costs. Your Government determined not to let the cost of living continue to go up as it did in the first World War.

"Your Government has been determined to maintain stability of both prices and wages—so that a dollar would buy so far as possible the same amount of the necessities of life. And by necessities I mean just that—not the luxuries and fancy goods that we have learned to do without in war time.

"So far we have not been able to keep the prices of some necessities as low as we should have liked to. That is true not only of coal towns, but in any other places.

"Whenever we find that prices of essentials have risen too high, they will be brought down. Whenever we find that price ceilings are being violated, the violators will be punished.

"Rents have been fixed in most parts of the country. In many cities they have been cut to below where they were before we entered the war. Clothing prices have generally remained stable.

"These two items make up more than a third of the total budget of the worker's family.

"As for food, which today accounts for about a third of the family expenditure on the average, I want to repeat again: Your Government will continue to take all necessary measures to eliminate unjustified and avoidable price increases. We are now taking measures to roll back the prices of meats.

"The war is going to go on. Coal will be mined, no matter what any individual thinks about it. The operation of our factories, our power plants, our railroads will not be stopped. Our munitions must move to our troops.

"Under these circumstances, it is inconceivable that any patriotic miner can choose any course other than going back to work and mining coal.

"The nation cannot afford violence of any kind at the coal mines or in coal towns. I have placed authority for the resumption of coal mining in the hands of a civilian, the Secretary of the Interior. If it becomes necessary to protect any miner who seeks patriotically to go back and work, then that miner must have and his family must have—and will have — complete and adequate protection.

"If it becomes necessary to have troops at the mine mouths or in coal towns for the protection of working miners and their families, those troops will be doing police duty for the sake of the nation as a whole, and particularly for the sake of the fighting men in the Army, the Navy and the Marines—your sons and mine —who are fighting our common enemies all over the world.

"I understand the devotion of the coal miners to their union. I know of the sacrifices they have made to build it up. I believe now, as I have all my life, in the right of workers to join unions and protect their unions. I want to make it absolutely clear that this Government is not going to do anything now to weaken those rights in the coal fields.

"Every improvement in the conditions of the coal miners of this country has had my hearty support. I do not mean to desert them now. But I also do not mean to desert my obligations and responsibilities as President and Commander-in-Chief.

"The first necessity is the resumption of coal mining. The terms of the old contract will be followed by the Secretary of the Interior. If an adjustment in wages results from a decision of the War Labor Board or from any new agreement between the operators and miners, which is approved by the War Labor Board, that adjustment will be made retroactive to April 1.

"In the message that I delivered to the Congress, four months ago, I expressed my conviction that the spirit of this nation is good.

"Since then, I have seen our troops in the Caribbean area, in bases on the coasts of our ally, Brazil, and in North Africa. Recently I have again seen great numbers of our fellow countrymen — soldiers and civilians— from the Atlantic seaboard to the Mexican border and to the Rocky Mountains.

"Tonight, in the face of a crisis of serious proportions in the coal industry, I say again that the spirit of this nation is good. I know that the American people will not tolerate any threat offered to their Government by any one. I believe the coal miners will not continue the strike against the Government. I believe that the coal miners themselves as Americans will not fail to heed the clear call to duty. Like all other good Americans, they will march shoulder to shoulder with their armed forces to victory.

"Tomorrow (May 3) the Stars and Stripes will fly over the coal mines. I hope every miner will be at work under that flag."

Mr. Lewis, in making his announcement of the 15-day truce, said in part:

"The Policy Committee of the Mine Workers of America have just agreed by unanimous vote of the membership to restore all mines to immediate operation for a period of 15 days beginning Tuesday (May 4).

"This period is to be utilized in cooperation with the Coordinator of Solid Fuels for War on the authority of the United States Government to work out a new wage contract for the anthracite and bituminous coal industry.

"The agreement when worked out will be retroactive in all its terms and provisions to April 1, 1943, in bituminous coal and to May 1 in anthracite.

"The Mine Workers recognize that they have a new employer who has not yet had time to appraise the immediate problems facing the industry."

Mr. Lewis said another meeting of the Policy Committee of the U. M. W. would be called to discuss further the proposals to be worked on with the Government. No date was set for the meeting.

Mines on Six-Day Week—Operations Resumed

Harold L. Ickes, Solid Fuels Administrator, on May 4 issued an order placing all of the bituminous and anthracite coal mines of the nation on a six-day week with time-and-a-half for Saturdays.

Simultaneously, the War Labor Board announced that it was again assuming active jurisdiction in the coal dispute and ordered its fact-finding panel to proceed Thursday morning (May 6) with consideration of the case.

Virtually all of the nation's coal miners were back at work on Tuesday of this week.

The effect of the six-day week, it was said, is to raise miners' wages 30%, from a basic $35 a week to $45.50. It is estimated by Mr. Ickes and by the coal operators that 80 to 85% of the coal mines are already on a six-day basis.

Mr. Ickes said he had no authority to negotiate contracts and that the authority to negotiate could be taken away from the WLB only by order of the President. No such order has been issued.

The Fuel Administrator also said he saw no way of "by-passing the WLB." He explained his status as that of a custodian and operator of the mines under the President's direction, without having taken title to them.

The text of Mr. Ickes's directive, in placing the nation's hard and soft coal mines on a six-day week, stated in part:

"Since maximum prices have been recently increased by the Office of Price Administration to permit operation of mines on a six-day week work basis, you are to afford miners an opportunity to work six days each week and are to operate mines under your charge on that basis and to pay time-and-one-half or rate-and-one-half for sixth day of work as heretofore agreed upon by collective bargaining and previously cleared by WLB.

"The Government is relying upon you and all mine employees to exercise utmost effort in maintaining and increasing production of coal so vital to the winning of the war.

"If for any justifiable physical or operating reason a six-day week basis is not feasible, timely application for exemption from this directive may be made together with full supporting statement of underlying reasons.

"I intend to recommend to the Office of Price Administration that the increase in maximum prices for six-day-week operation be rescinded as to any mine which fails to comply with this directive."

Mr. Ickes added that he "guessed" that the six-day week would be continued for the duration, but he flatly denied that his six-day order involved a guaranty of six days' work a week for 52 weeks. This is one of the things with which Mr. Lewis has been concerned. But Mr. Ickes estimated that miners will now work about 300 days out of the year.

Even though 90% of the coal tonnage produced is from mines already operating on a six-day basis, Mr. Ickes said that his order would increase the output.

The Fuel Administrator said there was no guaranty implied in his order that the Government will supply a market for all coal mined. Mine operators cannot be expected to produce more coal than they have a market for, he said.

House Adopts Compromise Pay-Go Tax Plan To Abate 75% Of 1942 Income Liability

(Continued from first page)

the total forgiveness features of the Carlson-Ruml bill "most unfair" and "a gross violation of the principle of ability to pay." The Democratic bill, said the report, would bring $5,400,000,000 more into the Treasury than the Carlson-Ruml plan at a time when the President is asking $16,000,000,000 additional war revenue.

"Under your committee bill," it added, "there will be no doubling up for more than 7,000,000 new taxpayers and the old taxpayers, while forced to undergo some doubling up, will receive substantial reduction of their 1942 tax. These reductions for the great majority of taxpayers are such as to make the extent of the doubling up relatively slight."

The Republican minority of the Committee, in its report, criticized the Administration's new pay-as-you-go tax plan as "a stepchild of political pressure," "a tax lawyer's dream" and "a loan shark's seventh heaven."

"The latter, especially, will do a rush business when the hard-pressed taxpayers discover the Democratic majority's bill . . . has actually raised their taxes by nearly $5,500,000,000," they said in a minority report.

The minority supported the Carlson-Ruml skip-a-year plan and charged that the 50% forgiveness bill recommended by the Democratic majority would provide "wholly unnecessary and unjustifiable" doubling-up of income tax payments.

Tax Collections Under House-Approved Bill

Income tax collections under the Robertson-Forand Bill, passed by the House on May 4, would operate as follows, according to Associated Press Washington advices:

1. Wage and salary earners (except members of the armed services, agricultural labor, ministers and domestic servants) — would have 20% of their taxable income deducted weekly, semi-monthly or monthly from their pay envelopes or salary checks (after allowable deductions have been made for family status and other exemptions). This would not be an additional tax, but provide a means of current collection against taxes now on the statute books. The collections will cover both income tax and the victory tax obligations. After July 1 there would be no separate collection of 5% on Victory taxes.

2. Persons with incomes from sources other than wages and salaries, such as business and professional men, would be placed on a pay-as-you-go basis by requiring them to estimate their tax for the current year and pay such estimated tax within the year.

3. For farmers, a special rule would apply. If the gross income of an individual from farming for the taxable year were at least 80% of total estimated gross income from all sources, such an individual could file a declaration of the estimated tax at any time on or before December 15 of the taxable year if the taxpayer were on a calendar-year basis.

4. The final return would be filed by all taxpayers as at present on or before the March 15 following the close of the taxable year. On this return adjustments would be made for differences between the estimated or withheld tax and the correct tax reported by the taxpayer.

Since most taxpayers already have filed their 1942 returns on March 15, their payments on March 15 and June 15, 1943, would be treated as payments on their 1943 liability, instead of on 1942 income. Taxpayers on a calendar year basis who are required to file declarations of their estimated tax would file their first declaration for 1943 on September 15 and their payments made in March and June would be treated as payments on their estimated 1943 tax.

A new declaration may be filed on December 15 if the taxpayer desires to amend his estimate.

From Washington

(Continued from first page)

being guaranteed a six-day week This was acceptable to Lewis, but a settlement was not the issue because with one we could not have had a crisis.

Well, there comes a time on a week-end when it is perfectly apparent that the miners aren't going to show up on Monday, and it is a fact also that some of them are on strike already. A crisis!

Then, notwithstanding the fact that several weeks ago the President sends word to the Capitol that if they will but "hold that line" against inflation, and not pass the Pace Farm Bill, he is prepared to send troops into the mining regions to hold back that other inflation throng, John L. Lewis.

The whole thing could not have been better managed to cause more casualties, more heart failures, on the home front than have thus far happened in Tunisia. One can't help wondering if that wasn't the plan.

Comes the time for the showdown. The merits of the case are outside the window. Whether it isn't a little foolish to say that increasing the miners' wages will cause inflation when the incomes of families in other war industries have increased as much as $185 a week was of no consideration. It was either FD or John L.

So it turns out that the whole thing is turned over to Harold Ickes, NOT A MILITARY MAN. Whatever happens is to be on the shoulders of Harold who, whatever else is said about him, doesn't mind taking on trouble. Troops aren't to be sent, it is announced, unless they are needed. Of course, if troops are not first sent to stand outside those mines with drawn guns, darned few men will have the hardihood to go into those mines.

Harold gets J. L. quickly on the phone and they agree that the final settlement will be on this basis, if not a little more, that the miners are to get that six day a week guarantee which John was willing to accept several weeks ago.

But gosh, that was a crisis. I would not have missed it for anything.

The delightful thing, as it should be at the end of all crises is that everybody is satisfied. Talking among my colleagues, prior to the announced settlement, I found that FD, once and for all, was showing that he is the Government and that when John L. bucks up against that in time of war, he should be shot at sunrise and that what was happening to him was just what he deserved. I saw two bets passed that at the next meeting of the United Mine Workers Convention, John L. will be definitely deposed in favor of F. D. And how badly Bill Green and Phil Murray must feel, these colleagues had assured me, that John L. had put such a blot on the escutcheon of the labor movement.

So I went to see my friends, the other leaders of the labor movement, and I found them very crestfallen, indeed. What a hole they were in, they said. John L. was the most resourceful labor leader they had ever seen, and what they could do about it to prevent his enlarging his District 50 to embrace the whole labor movement was more than they could see. Verily, there is a lot of misunderstanding among people.

I said to these crestfallen leaders: "Don't you realize that John L. has crucified himself among the public?"

And they said: "Oh, nuts, who do you think constitutes the public, the round-table at the National Press Club?"

There is another thing about this "crisis" which the "public" should keep in mind. Several other leaders went to the President and told him that although they despised John L., that if he called out troops, they would have to support the miners. There is also this to bear in mind: This country now has so much materials and so many armed forces on hand, that high military authorities are trying to work out uses to make of them. The orders will go out presently for a slowing down of war production. We've got to work out some form of strategy to absorb what we've built up. Believe it or not, that's one of the hardest jobs facing the country, and something that is just beginning to be thought about now.

840,578 Govt. Workers Are Of Draft Age

According to a report drafted by a subcommittee of the House Military Committee, made public April 15, information received to date shows a total personnel, exclusive of field employees, of 2,370,166 governmental workers of whom 1,625,162 are males. Of the males, 840,578 are of draft age.

Incident to the report of the subcommittee, which was headed by Representative Costello (Dem.) of California and which, it is pointed out, was of a preliminary nature, the House Military Committee recommended on April 15 that Major-Gen. Lewis B. Hershey, Director of Selective Service, issue a directive to all draft boards to review their files "with a view to eliminating all deferments of Government employees not thoroughly justified by supporting evidence."

The Committee, in its report, according to the Associated Press, asserted that "Government must be made to set the example," in contending that the Federal Government had adopted a general policy of hiring "draft-eligible men in the 18-to-38 group on a hit-or-miss basis, with little attempt to define a policy whereby women or men not subject to the draft" would be given preference in hiring.

The Associated Press further stated:

"The Committee said that it had evidence that 'great numbers of Government clerks have been deferred because of recently acquired titles and duties which have served to impress draft boards with their "essentiality."' To some extent, the report continued, industry also has been guilty of 'hit-or-miss' policies in employing draft-age workers and not making better use of women and men not draftable either because of their age or physical condition.

"Asserting that many draft-age males have been employed since Pearl Harbor, the report described the figures as disturbing, but expressed the hope that a system of replacement schedules beginning to be utilized by Government and industry 'may provide a simple and workable system whereby draft-eligible men can be replaced.'"

April Plane Output Near Record Of 7,000 Forecast By Nelson

Donald M. Nelson, Chairman of the War Production Board, stated on April 21 that the United States would build close to 7,000 airplanes this month "until we get up to just as large a production as we feel we need, no matter how many we need."

Speaking before the American Newspaper Publishers Association convention in New York City, Mr. Nelson, according to the Associated Press, said:

"Certainly a year ago if anybody could have told us that we could build 7,000 airplanes in one month we would have told them they did not know what they were talking about. We will do it, probably this month.

"We will come close to it this month. Next month we will build even more, in the next month even more; until we get up to just as large a production as we feel we need—no matter how many we need."

Mr. Nelson asserted that Hitler made "one great miscalculation" in that he failed to take into account the fact that American industry "could do the job so quickly that we could swing into stride as a nation and do a job—whatever that job had to be."

Mr. Nelson addressed the general session after presentation of a report on the scrap drive made on behalf of the ANPA by Richard W. Slocum, General Manager of the Philadelphia "Bulletin" and Chairman of the Newspapers' United Scrap Drive Committee.

Regarding the newspapers' scrap campaign, Mr. Nelson stated:

"I think you can be justly proud of the job you did for your country because we were in a very serious situation — most serious, one that gave us a great deal of anxiety, knowing as we did how we had to keep on increasing production to even greater heights and knowing that we just had to have the basic material, the steel, to do it.

"It was a real inspiration, I think, when we called upon the press of the nation to do this job. I think the way you turned in and generously gave your all and made this whole country scrap-conscious was fine, and the results of that drive are still apparent all over the country. I think it is a great tribute to the power of the press.

"I have always known, of course, about the power of the printed word; I have always believed deeply in a free press, in democracy, knowing as I do that it is a fundamental of democracy that people should be informed. How else can you run a democracy?

"I think it is also a great tribute to the business organizations of the press and they have my deep admiration because they not only got the people aroused, but actually did a job with committees all over this country, galvanized them into action. You know, voluntary committees are fine but it is awfully hard to transmit to each and every member of the voluntary committee the urgency of the situation which faces him. The business organizations of the paper, aside from the publicity, aside from the information they gave to the people, got behind this thing and did a real job

"I personally, and on behalf of the country, certainly thank you for the fine, generous way in which you responded to our call."

Mr. Nelson went on to say that the "virility of American industry, that virility of the free enterprise system" is "something to give us great heart." He warned, however, that the job is "nowhere near done" and that "we have still got a long, hard road ahead of us."

Loan Government All Excess Dollars, Public Urged By Szymczak Of Reserve Board

M. S. Szymczak, member of the Board of Governors of the Federal Reserve System, urged in a radio talk on April 17, in connection with the $13,000,000,000 Second War Loan Drive, that the public loan the Government all the dollars it can possibly afford for the "war machine."

Declaring that nothing on the home front is more vital than the transfer of some of the public's excess buying power to the Government, Mr. Szymczak called on the people to buy "only the minimum necessary to sustain it until victory is won, since our very life as a nation depends upon producing and employing the maximum to fight this war." Mr. Szymczak further stated:

"What our Government really wants is your buying power—to buy planes, tanks, ships and ammunition. It obtains this buying power when it taxes and when it borrows. As the Government's buying power thus increases the buying power of the public decreases. Otherwise we should have a situation in which the public's purchases for its own needs or whims would compete and interfere with the Government's purchases—a situation in which the need for ships and ammunition was being choked by the demand of the public for pleasure cars and radios. That situation must be prevented. But we can not prevent it unless you and I pay taxes and buy bonds, thereby transferring to the Government some of our buying power, which we cannot use ourselves now without jeopardizing our living conditions at home and the war effort itself."

32 Senators Oppose World Police Proposal

On the basis of an Associated Press poll completed April 18, 32 Senators oppose committing the United States at this time to post-war participation in an international police force to preserve the peace, while 24 Senators, one-fourth of the Senate, favor such commitments.

Thirty-two additional Senators have not reached either a definite "yes" or "no" decision on the question, and eight Senators could not be reached for comment.

To determine sentiment, the Associated Press asked this question:

"Do you favor committing the Senate and country now to a post-war course of preserving the peace through an international police force?"

In Associated Press Washington accounts of April 18 the following was reported:

The question was selected in an attempt to obtain from the Senate, which must approve all treaties by a two-thirds vote before they can become effective, a cross-section viewpoint on what happens to be the central theme of a half dozen resolutions now pending before its Foreign Relations Committee—the proposal to have the Senate go on record now for post-war international collaboration for forceful preservation of the peace.

Some Senators who favored immediate commitments of this nature did so with reservations, as did some of those opposed. Where they indicated clearly their indorsement of the principle of immediate action to put the Senate and country on record for a course of this general nature, they were recorded as favorable and, contrarily, as opposed.

On the basis of their replies, 19 Democrats and five Republicans were listed as favoring an immediate commitment; 15 Democrats, 16 Republicans and a Progressive, Senator LaFollette of Wisconsin, were listed as opposed. Those who declined to commit themselves included 17 Democrats and 15 Republicans.

The breakdown of the poll follows:

Favorable

Democrats—Bailey, Bankhead, Bone, Connally, Downey, Guffey, Hatch, Hill, Kilgore, Lucas, Maybank, Murray, McClellan, Mead, O'Mahoney, Pepper, Thomas (Utah), Truman, Wagner (19).

Republicans—Austin, Ball Burton, Davis, Ferguson (5).

Opposed

Democrats — Chavez, Clarke (Idaho), Johnson (Col.), McCarran, McKellar, Murdock, O'Daniel, Overton, Radcliffe, Reynolds, Smith, Tunnell, Van Nuys, Wallgren, Wheeler (15).

Republicans—Bushfield, Butler, Capper, Gurney, Hawkes, Holman, Johnson (Calif.), Langer, Moore, Nye, Revercomb, Robertson, Shipstead, Taft, Wherry, Willis, (16).

Progressive—LaFollette (1).

Those who declined to commit themselves:

Democrats — Barkley, Byrd, Chandler, Eastland, Ellender, George, Gerry, Gillette, Green, Hayden, Maloney, McFarland, Russell, Stewart, Thomas (Okla.), Tydings, Walsh (17).

Republicans — Aiken, Barbour, Brewster, Bridges, Brooks, Danaher, Lodge, McNary, Millikin, Reed, Thomas of Idaho, Vandenberg, White, Wiley, Wilson (15).

The following Senators were not reached for comment: Andrews (Dem., Fla.), Bilbo, (Dem., Miss.), Buck (Rep., Del.), Caraway (Dem., Ark.), Clark (Dem., Mo.), Glass (Dem., Va.), Scrugham (Dem., Nev.), Tobey, Rep., N. H), (8).

House Orders Inquiry Into Curtailment Of Newsprint & Paper

The House on April 10 adopted a resolution authorizing its Committee on Interstate and Foreign Commerce to conduct an investigation into the curtailment of newsprint and paper.

The resolution, sponsored by Representative Halleck (Rep., Ind.), also directs the Committee to investigate whether any agency or officer in the executive branch of the Government has formulated or is formulating plans with a view to putting into effect requirements intended to bring about simplification and standardization of production, marketing and distribution of articles or commodities, as well as concentration of industry or production.

In urging adoption of the resolution, Representative Shafer (Rep., Mich.), said that it will "enable the Congress to determine the extent to which a conspiracy exists to destroy the freedom of the press." Representative Shafer further said:

"For a considerable length of time many of us have been disturbed at what we believe to be a persistent, determined and concerted effort by Government agencies and officials to interfere with and curtail the full freedom of the press as guaranteed to the people of America under the Constitution.

"These efforts seemed to have reached their climax in the filing of what I term 'the spite suit' against the Associated Press last August, a suit which alleges that the Associated Press is a monopoly and that it has operated in violation of the anti-trust laws.

"It was my thought at the time that this suit, which clearly revealed the spleen and animus of the enemies of a free press, was to be the final, as it was in fact the most dangerous move in the game that was being played and the objective of which was to deprive the American people of their constitutional right to be told what was going on by an untrammeled press."

Representative Halleck said that "there is the greatest need to have the true facts brought to light by Congressional investigation," with regard to the newsprint situation. He added:

"I would like to know if someone is restraining Canadian and American producers from filling the market in this country so that the need of imports of pulp and paper from Scandinavian countries will be here after the war. I want to know if the willingness of the American newspaper and magazine publishers to make any sacrifice to help win the war is being imposed upon. I want to know if the American people are being imposed upon.

"This proposed investigation is the answer. Newsprint production is a Canadian—not a U. S. problem. Seventy-five to 80 or more per cent of all the newsprint used in the United States comes from Canada. The committee will have no difficulty in securing complete and official information from Canadian authorities, for I am sure the Canadians want all this confusion cleared up and the importance of a committee of Congress assigned to this question will be recognized by them.

"No group is more anxious than this Congress to see continued the very fine and friendly relations now existing between Canadian producing interests and the consumers of newsprint in the United States. Many of our American producing companies are big operators in Canada. They know the situation on both sides of the line and can bring us real facts. If newspaper and magazine publishers have information for us, they will be heard. If anyone is trying to slip something over, the curtain will be pulled back."

Plans for the inquiry were noted in these columns Feb. 11, page 580, and March 25, page 1120.

Elmer Davis Declares Lack Of Definite Foreign Policy Hampers OWI

Elmer Davis, director of the Office of War Information, on April 27 addressing nearly 1,000 representatives of the radio industry, at the 121st annual meeting of the National Association of Broadcasters, said America's lack of a definite and detailed foreign policy is hampering the Office of War Information in its efforts to spread favorable propaganda for the United Nations in enemy and occupied countries. A special dispatch by Jack Steele, to the New York Herald Tribune, from Chicago, on April 27, from which the above was taken, went on to say:

Mr. Davis emphasizes that he was not so much criticizing the failure of the United States to formulate a more concrete post-war international program at this time as stating as a fact that the overseas propaganda of the O. W. I. now lacks complete effectiveness because it cannot be built around some program comparable to President Wilson's "Fourteen Points" in the last war.

"This Administration is moving more slowly in formulating post-war foreign policies because it wants to be sure that they will have the support of the American people and will coincide with those of our present allies," he said.

He added that, while this delay was handicapping the O. W. I. by preventing it from giving concrete assurances to enemy peoples of their place in the post-war world, it might prove sounder than the policy followed in the first world war by paving the way for a more durable and secure peace after the war is won.

He declared that the O. W. I., in addition to ample evidence that its propaganda is having considerable effect on Germany in Italy, was now receiving information indicating that American radio propaganda is reaching far more people in Japan and lands occupied by the Japanese than he had believed possible.

Other points he made at a press conference and later amplified in an off-the-record speech before the N. A. B. convention included:

A forecast that Germany and Italy, despite their cheers for the Japanese executions of American aviators captured after the raid on Tokio, will not take similar steps "because we have too many of their flyers in our hands."

Congressional Probe Of WPB Steel Unit Requested By Mining Men At Senate Hearing

A Congressional investigation of individuals in the ferro alloy branch of WPB's steel division was requested at the small mines hearing held at Salt Lake City, April 21 before the mining and minerals subcommittee of the United States Senate's special committee to study the problems of small business enterprises.

The investigation was suggested to Senator James G. Scrugham of Nevada, subcommittee Chairman, by A. E. Riley, a representative of Colorado manganese producers. Mr. Riley criticized the attitude of Andrew Leith, Assistant Director of the ferro alloy branch in charge of manganese and chrome, remarking that he was "formerly with the Steel Institute, and we think he is still with those interests." He specifically asked the Committee to investigate Assistant Director Leith to see if his interests would prompt him to discourage rather than encourage domestic manganese production.

The hearing, one of a series being held in the western mining States, was conducted by Senator Scrugham and W. C. Broadgate, technical consultant to the Committee, assisted by Commissioners Ora Bundy and H. J. Plumhof of the Utah Publicity and Industrial Development Commission.

Some of the major recommendations offered for the relief of the industry by representatives from Utah, Idaho, Montana and Colorado were:

1. Changes in corporation and individual income tax laws to give recognition to the risks involved in mining.
2. Easing of Securities and Exchange Commission regulations to facilitate private financing of mining ventures.
3. Immediate revision of food rationing rules to give miners a larger allotment, particularly with respect to meat.
4. Price adjustments on certain metals.
5. Elimination of some of the red tape and simplification of procedures in getting RFC loans for development and materials and supplies priorities.

No specific recommendations were offered on the man-power problem but difficulties of getting and keeping miners was cited as a major problem by several operators.

Uruguay Approves U. S. Loan

The Uruguayan Cabinet gave final approval on April 27 to a $20,000,000 loan negotiated in January by Vice-President Alberto Guani with the Export-Import Bank of Washington for a public-works program in Uruguay.

In indicating this, Associated Press advices from Montevideo further said:

"An official report said the bank had agreed to revise some contract clauses to which the Uruguayan Government had objected, including one whereby the bank would have controlled funds from the loan.

"Some circles here had complained the clause meant foreign interference in Uruguayan internal affairs."

Newspaper Not Obliged To Open Records To Wage-Hour Bureau

The Federal District Court for New Jersey, at Newark, refused on April 3 to compel a newspaper to open its records to the Wage and Hour Division of the U. S. Labor Department on the ground the latter was "simply in quest of information . . . which might or might not disclose a violation."

L. Metcalfe Walling, Wage and Hour Administrator, had subpoenaed records of the Paterson "Evening News," and Harry B. Haines, President of the publication company, had refused to give the books to inspectors on the ground the Federal statute did not apply to the newspaper or its employees.

Regarding the ruling, Associated Press Newark advices reported:

"The Administrator insisted, the court said, that the question of coverage was no defense; Congress had intended him to have full power to administer the act, with phases of administration left to him and not the courts.

In denying the Government's request for a show-cause order, Judge Thomas F. Meaney did not rule on applicability of the act to the newspaper, saying the Administrator "has not had opportunity" to argue that point sufficiently.

"In the instant case," Judge Meaney's opinion said, "the Administrator without complaint and simply in quest of information upon which to base proceedings, should they be justified, issued his subpoena directing the production of certain records, the examination of which might or might not disclose a violation.

"Desirable as the contribution of experts to the Government is, there is no indication that Congress has as yet determined to substitute a government of mere expert opinion for a government of law. . . .

"The trend and tendency of the present day is to enlarge the function of administrative bodies in order to carry out purposes of social legislation. Commendable as this is, the functions of the courts remain, and those functions are not merely to act as an adjunct of administrative bodies, but rather in such instances as have been categorically indicated by Congress to implement the operations of such bodies."

Canada Newsprint Output Down 16.5% In March

Canadian newsprint production in March amounted to 246,855 tons and was 48,980 tons or 16.5% lower than in the corresponding month of last year, according to the News Print Service Bureau. Canadian shipments amounted to 248,469 tons, a decline of 19.4% from March, 1942.

For the first quarter of 1943, Canadian production of newsprint was 702,206 tons, a 20.7% decline from the same period of 1942.

United States' production totaled 71,357 tons in March, an 11.8% decline from a year ago, while Newfoundland's output was 15,613 tons, down 44.2%.

Total North American newsprint production in March was 333,825 tons, compared with 404,758 tons in the corresponding month of 1942, representing a decrease of 17.5%.

Military Force Sufficient To Guard Against Future War Urged By Henry Morgenthau, Sr.

Henry Morgenthau, Sr. urged the development of the military force of the United States to the extreme limit to win the war, and the maintenance of a sufficient amount of that force to safeguard the nation against the possibility of future war.

These views of Mr. Morgenthau (who was Ambassador to Turkey at the start of the first World War, and who for many years has been an advocate of military preparedness) were expressed in an interview at his home in New York City on April 24, and given in the New York "Times" of April 25, which indicated his further remarks as follows:

"The course we should pursue will depend upon our associates. We must consult the Russians, British and Chinese. That will be a very complicated task and no one can outline what may happen.

"We must do everything we can to prevent a recurrence of war, but we must realize that we must be prepared to face another war. I feel that the United States is awake now, realizing the situation. We are not going to be caught asleep again."

Declaring that winning of the present war depended largely upon the force of the United States, Mr. Morgenthau added:

"Justice has been suspended for the present and force now dominates the world and is going to dominate it for quite a while. The nation that controls the greatest force will be the greatest influence in the world.

"Fortunately, this nation has the youth and strength for more force than any other nation. The whole nation at present is being changed into a complete and perfect system which will produce the greatest force in existence. The longer we work at this preparation to defend ourselves and win the war, the more convinced we will become that our greatest fault in the past was lack of preparation and total disregard of the necessity of developing a greater war machine than Germany and Japan have been working at for many years. It is going to take herculean efforts to make up the head start they have on us.

"This war is a fight to the finish," he said. "I am sure that the American people now realize it."

Retailers Urge OPA To Make Changes For Effective Price Control

At a mass meeting of about 500 retailers at the Hotel Pennsylvania, New York City, on April 15, held to discuss the problems of Governmental price control, a 13-point statement was adopted indicating the attitude of retailers toward recent regulations issued by the Office of Price Administration.

In this statement the retailers indicated it as their desire "again to assure the Price Administrator of our deep and earnest conviction that a firm and effective system of Governmental Price Control is one of the needs of these times, as a means of checking inflation." They added:

"Such a Price Control System can be achieved only through Government and business working sympathetically and understandingly together. In this spirit, retail merchants will go to every possible length to insure such cooperation. If the Price Administrator now will meet the retail merchants in this spirit, we believe we can guarantee to him that retailers everywhere will fully support him in his great task."

In setting out their attitude toward OPA price regulations, the statement adopted at the meeting said:

"1. We state our unqualified approval of a firm and realistic system of governmental price control;

"2. Such price control should be for one purpose only—to prevent a vicious upward spiraling of prices which would be disastrous for consumers and business alike;

"3. Unless price control starts at the very grass roots, so that all costs which enter the price structure are stabilized, there can be no hope of controlling final prices to consumers;

"4. We are unalterably opposed to the use of the authority of the Price Administrator for the purposes — or with the intent or result—of changing, or remaking, the American system of distribution;

"5. The Congress, in the Price Control Act of 1941, definitely limited the authority delegated to the Price Administrator to the stabilizing of prices and the prevention of profiteering, not to the control of normal profits;

"6. Notwithstanding the limitations placed by Congress upon the authority of the Price Administrator, it is self-evident that many regulations issued by the Office of Price Administration are not limited to the control of prices but undertake to change the American system of private enterprise;

"7. Unless those chosen to administer laws are as punctilious in obeying the law as those who are to be governed by such laws, no proper spirit of compliance can be expected;

"8. We demand observance of the traditional American principle of representation in the drafting and enactment of laws by which we are to be controlled. This is provided for in the Price Control Act of 1941, and it has never been observed properly in the preparation of the mandates of OPA;

"9. In order to promote that willing and eager cooperation which will insure effective price control, we urge the Price Administrator to make full use of the advice and information which retail merchants and their accredited representatives stand ready at all times to provide;

"10. To this end, we suggest representatives of retailers chosen by and from among themeselves be given ample opportunity to see and discuss with the officials of the Office of Price Administration all orders and regulations before they are issued. In this way many costly misunderstandings and errors can be avoided;

"11. Specifically, we call upon the Price Administrator to withdraw the rayon hosiery regulation (MPR 339) and to disavow the repugnant principles contained in that regulation and to call together the representatives of the various branches of the hosiery industry to the end that they may participate in the drawing of a fair and effective price regulation;

"12. The principles embodied in the rayon hosiery regulation to which we so strongly object, and which we regard as thoroughly un-American, are the following:

"A. The establishment of various classes of purchasers and sellers. All retailers should be free to buy in the customary manner. The U. S. Government should not put itself in the position of favoring larger retail concerns by providing they shall buy at lower prices than other retailers.

"B. No price regulation should undertake to establish fixed standards of merchandise. It is the duty of OPA to control prices, not to dictate what shall, or shall not, be manufactured and distributed.

"If OPA did have the authority to dictate merchandise standards, then it would be a grave mistake to rule that only one grade of merchandise may be produced. Such a rule not only would be unreasonable, but would seriously interfere with production and distribution, causing acute shortage of needed goods.

"C. Price regulations must be based upon a realistic instead of a theoretical approach. Hence, they must be closely related to the service and the cost experience of the individual merchant.

"13. The saving to customers promised by the OPA will not materialize because the regulation permits increases in price on approximately two-thirds of the entire production of hosiery which is unbranded."

Non-Partisan Council To Win The Peace To Unify Peace Plans

With a view to intergrating and coordinating the activities of existing organizations which advocate post-war international cooperation a new Council, to be known as the Non-Partisan Council to Win the Peace has been formed. Its formation was announced at a luncheon in Chicago on April 16 attended by more than 600 sponsors of a plan to support United States participation in a post-war system of collective security backed by force.

Formed under the leadership of Edgar Ansel Mowrer, formerly Deputy Director of the Office of War Information and foreign correspondent of the Chicago "Daily News," and William Wesley Waymack, editor of the Des Moines "Register and Tribune," the new Council issued a "Declaration for United Action" calling for passage of the Ball-Burton resolution or some adequate equivalent and establishment of a permanent United Nations Council.

The Council will not support or disavow individual political candidates or attempt to take part in the internal affairs of political parties, Mr. Mowrer state, but will strive "to take the peace settlement out of politics."

In its first statement of policy the Council asserted:

"In the belief that the majority of Americans now favor a world order based on collective security backed by force, a group of committees headed by leading citizens has formed the Non-Partisan Council to Win the Peace. It seeks in no sense to replace other organizations with the same or kindred aims. Instead, it will concentrate on the formation of a common strategy and of objectives whose attainment may best lead to a durable peace."

It is stated that the organizations which have agreed to act through the Council are the Church Peace Union, the Council for Democracy, the Citizens Council for United Nations, the League of Nations Association, the Christian Conference on War and Peace, the Committee on National Morale, the Citizens for Victory, the Freedom House, the World Alliance, and the Women's Action Committee for Victory and Lasting Peace. Temporary headquarters have been established at 32 East Fifty-first Street, New York City.

Among the announced supporters of the group are listed Wendell L. Willkie, Herbert Bayard Swope, Marshall Field, Mrs. J. Borden Harriman, former United States Minister to Norway; James B. Carey, Secretary of the Congress of Industrial Organizations; Robert J. Watt, international representative of the American Federation of Labor; Paul Scott Mowrer, Dr. Henry P. Van Dusen, Dr. Harry D. Gideonse, Dr. Frank P. Graham, Virginius Dabney, Dr. George N. Shuster, Mrs. Henry Goddard Leach, Mrs. Norman de R. Whitehouse, Mrs. Leonard Hand and Miss Margaret Forsythe.

NY Stock Exchange Asks WLB For Equal Treatment In Proposed Raises For Employees

The New York Stock Exchange filed a petition with the National War Labor Board in Washington the latter part of last month asking that simultaneous approval be given to all proposed salary increases to employees of the Exchange and its affiliated companies.

Approval of salary increases for the 384 employees of the Exchange's Department of Floor Operations, members of the N. Y. Stock Exchange Independent Employees Association, was approved on April 8 by the Regional War Labor Board in New York, but no approval has yet been given by the Regional Board with respect to the applications for increases to the 535 other employees of the Exchange. This procedure, the Exchange contends, is unfair and has created gross inequities and inequalities within the single and unified Exchange organization and has created impossible operating problems.

In a letter, April 21, to Stock Exchange employees, Emil Schram, President of the institution, explained the situation as follows:

"To the end that you may be fully informed as to the status of the proposed salary increases to employees of the Exchange and its affiliated companies, now pending before the War Labor Board, there is enclosed a copy of a petition for review and appeal, which was filed today by the Exchange with the National War Labor Board in Washington. Proposed salary increases to all employees of the Exchange organization have been before the War Labor Board since Jan. 22. A directive order issued by the New York Regional Board approved increases for the Department of Floor Operations. No announcement has yet been received from the Board with respect to the applications for increases to other employees. The Exchange, in its petition for review, asks that simultaneous approval be given to all proposed salary increases, so that all employees of the Exchange organization will receive their raises at the same time. The filing of this petition automatically postpones, until further action by the National War Labor Board, the effectiveness of the directive order of the Regional Board. The Exchange is not seeking to upset the salary scales approved for the Department of Floor Operations, but is endeavoring to insure equal treatment of the other employees by the War Labor Board.

"I am hopeful that final approval of all of the proposed salary increases, retroactive to Jan. 1, 1943, will be obtained in the near future. I believe that all of the proposed increases are fully and equally merited. The Exchange has consistently urged their approval before the War Labor Board and will continue to do so. It is obvious that the only fair decision must be to permit all the increases to be made at the same time."

Renewal Of Reciprocal Trade Act Urged By Foreign Trade Council

Renewal of the Reciprocal Trade Agreements Act for another period of three years was urged on April 19 by Eugene P. Thomas, President of the National Foreign Trade Council, Inc., before the House Ways and Means Committee. Testifying on behalf of the Council to support the demand of American foreign traders generally for continuance of the Act, Mr. Thomas said that continuance of the legislation is considered by the Council "indispensable to the safeguarding of our international trade interests, now and following the war." He further said that "the record of nine years' progress under the Act shows conclusively that its operation has been beneficial to the welfare of the United States" and, in view of the fact that emergency conditions will again be facing foreign trade in the post-war period, Congress should not at this critical time reverse its tariff policy.

Mr. Thomas, before the House committee, also said, in part:

"While it is clearly in the self-interest of the United States to participate actively with others of the United Nations in the world leadership that is demanded of us, it will likewise be in the best interest of other nations to know, in face of a disrupted world economy, that the United States is prepared to continue unequivocally its present foreign trade policy in a cooperative program of world economic reconstruction. No alternative to the present trade agreements policy has yet been devised which can meet so effectively the crucial days that lie ahead, nor should the soundness and permanence of this policy be qualified by limiting its duration to less than three years.

"The Act does not tie the hands of Congress, if at some future time circumstances should arise to compel the adoption of other measures. It is evident, however, that the industrial and agricultural interests of this country should not be subjected to disturbing changes relating to tariff-making powers, which would detract from the paramount task of winning the war and the planning for post-war foreign trade reconstruction. Reversal of our foreign commercial policy at this stage would inevitably tend to disturb our future economic relations with our Allies and counteract efforts in Latin America to establish a solidarity of interest in the winning both of the war and the peace. It would be highly unfortunate at this time to create serious doubt in the minds of the other United Nations as to our willingness to cooperate in developing sound world economic relations in the post-war period. Nor would some foreign countries fail to point out that we have abandoned a policy which has served to augment and liberalize trade for eight years, and stand before the world without any alternate acceptable substitute for reciprocal and non-discriminatory trading. . . .

"The United States is a leading partner in the task of world trade reconstruction. No really effective contribution can be made by the United States toward world rehabilitation except through a policy of greater liberalization of international trade amongst all nations. It is the firm conviction of the membership generally of the National Foreign Trade Council that the continuance of the Act is indispensable, if we would avoid serious complications and delays in respect to the reestablishment throughout the world of orderly commercial and economic relations."

National Maritime Day

President Roosevelt on April 26 proclaimed May 22 as National Maritime Day and praised merchant marine seamen for maintaining oversease shipments. The President called upon the country to give public recognition of the day and to display the flag. It is pointed out that on May 22, 1819, the steamship Savannah sailed from Savannah, Ga., on the first successful transoceanic voyage under steam power. Congress voted in 1933 that each year that date be designated as National Maritime Day.

Publishers Must Maintain Eternal Vigilance Against Government Restrictions and Control

Govt. Financed Advertising Smacks of Subsidy, W. M. Dear Declares in ANPA Address

Calling upon publishers to observe "eternal vigilance" against governmental restrictions, Walter M. Dear, addressing the ANPA as President, on April 21, the 57th annual convention of the American Newspaper Publishers Association, in New York City, expressed it as the publishers' belief that Government-financed advertising "smacks of subsidy" and would be "disastrous" to newspapers. The New York "Times" noting this said:

"Mr. Dear took issue with some newspaper groups that have approved the idea of Congress appropriating $25,000,000 to $30,000,000 for advertising of Treasury bond sales in daily and weekly newspapers.

"While we have the deepest sympathy for any of our fellow publishers who may find the going difficult," he added, "and realize the value and importance of the weekly press, we cannot subscribe to the wisdom of accepting a subsidy. Such a program would prove disastrous. Under such circumstances, no longer could the American newspaper maintain its claim of a free and independent press."

Any Government advertising, he warned, must be "safeguarded from political influence" and directed by responsible advertising experts, and must be regarded as falling in the same category as a commercial advertising campaign.

Mr. Dear said the ANPA is prepared to appear in the action brought by the Department of Justice against The Associated Press as a monopoly under the anti-trust laws if it feels such an appearance "will help preserve the right of publishers to gather their news in their own way and free from governmental control." He called the suit "a direct attack upon the integrity of a free press and an adroit attempt to regiment under Government control all sources of news."

Mr. Dear, who is President of the Jersey City, N. J., "Journal," stated that the ANPA admits that the basic principle of advertising "is just as applicable and will be equally as effective" for the Government as for private enterprise, but added:

"Government advertising must be safeguarded from political influence and directed by independent advertising experts who have demonstrated their ability and the confidence in which they are held by the newspapers.

"This confidence has been built up by the honorable and businesslike handling of the trust imposed in the expenditure of private funds. There would be no reason to believe that these gentlemen would be any less scrupulous in the proper handling of Government moneys."

He said the idea might sound "Utopian, but in our judgment it is the only fundamentally sound basis on which Government advertising can operate."

Mr. Dear declared that there may be a demand for a further cut in newsprint, adding: "I warn you that it will be followed shortly by a demand for a further increase in price. Neither will be quiescently accepted in the absence of impressive factual data."

"With Government on one hand imposing restrictive measures in the use of paper," he said, "because of scarcity and prior demands of war necessities, and with our acquiescence in increased price, it strains the limits of patience to note that the Government itself is the principal offender in wasteful practices in the use of paper."

At its session on April 22 the Association unanimously adopted a resolution introduced by William Dwight of the Holyoke (Mass.) "Transcript Telegram" authorizing its President to appoint a committee of five members to serve as the organization's official representative if called before congressional hearings.

The resolution permits the committee "to take such action as in their judgment seems necessary for the protection of the rights of newspapers to gather and disseminate important public information."

It further permits the committee "to take any action necessary to protect newspapers' sources of supply in both raw materials and man-power in order that the essential service of the press in support of the war effort shall be maintained."

At the opening session of the convention of the Association, on April 20, Clare Marshall of the Cedar Rapids (Iowa) "Gazette" declared that the American people are demonstrating confidence in the press "by buying more papers than ever before in history."

Mr. Marshall presided over the session devoted to problems of particular interest to newspapers with circulations of less than 50,000. Asserting that Americans love argument and debate, Mr. Marshall said: "While we retain our American prerogatives, complaints and criticisms will always be with us. We of the press have contributed our share of them and, during war, we are targets, along with Government, of some well-directed shots."

Americans, Mr. Marshall said, turn "instinctively" to newspapers for the truth. He predicted that in the future newspapers may need to give more emphasis to interpretative writing, not "to deliberate coloring of news or the individual commentator type of reporting, but to the conscientious efforts of responsible newspapers and news agencies to provide background information that will help the public understand the factual news of current events."

From the New York "Times" it is learned that in a report submitted by W. F. Wiley of the Cincinnati "Enquirer," as Chairman of the Committee on Federal Laws, attention was directed to the "almost daily" receipt from many Washington departments of orders and directives which vitally affect newspaper publication. From the "Times" we also quote:

"While it may be conceded that many of these have been and are essential to the war effort and have been complied with," the report said, "serious consideration should be given now to the necessity of repealing these plenary powers to commissions, bureaus, etc., at the end of the war.

"Executive orders are creating and will create greater distress to the publishing business than any laws ever enacted by Congress, and the legislation conferring extraordinary powers on executive and administrative officials should be repealed at the war's end."

The report said the proposed congressional investigations into some of the activities of executive departments and agencies, especially in connection with governmental efforts to establish grade labeling and discard private brand names of articles and commodities, "indicate a healthy return to government by legislative rather than executive decree."

A warning that newspaper publishers must effect greater condensation and other economies in the use of newsprint if demands are to be kept within anticipated supplies was given by W. G. Chandler, Director of the Printing and Publishing Division of the War Production Board. Mr. Chandler, who is also general manager of the Scripps-Howard newspapers, said there must be no relaxation of present lines if further cuts are not to be forced.

Linwood I. Noyes, President and publisher of the Ironwood (Mich.) "Globe," was elected President of the Association at the closing session of the convention on April 22.

W. G. Chandler, Scripps-Howard newspapers, New York, was elected Vice-President; Norman Chandler, President of the Los Angeles "Times," Secretary, and E. S. Friendly, General Manager of the New York "Sun," Treasurer.

Goetz Resigns From 20th Century To Form Own Producing Unit

William Goetz, Vice-President in charge of production for 20th Century-Fox is resigning from the company to form his own producing company, it was announced April 27 by Spiros Skouras, President of the corporation.

His resignation has been tendered to and accepted by the Board of Directors, to become effective at the conclusion of his currently scheduled productions, among which are "Jane Eyre," "Guadalcanal Diary," "Claudia," "Song of Bernadette," "Life Boat," "Pin Up Girl," "Sweet Rosie O'Grady," "One Destiny," "Happy Land,' and "The Girls He Left Behind."

Mr. Goetz's resignation was accepted by company officials with expressions of regret and warm tribute was paid to his executive and production ability and his building up of the organization which earned a profit of more than a million dollars during Mr. Goetz's regime.

"The resignation of William Goetz was accepted by the company with deep regret," President Skouras stated. "Mr. Goetz was one of the founders of the organization that now stands as 20th Century-Fox. As an executive and producer he has made many important contributions. His character as well as ability have been a distinct asset to us. When he leaves the warm admiration of the organization will accompany him and we will wish him great success in his new venture."

NY Community Trust First Quarter Grants

Out of $75,636 distributed for philanthropic purposes by The New York Community Trust during the first quarter of 1943, 28%, or $21,310, went to the American Red Cross. Of that amount, $10,000 was contributed in New York and other donations were made to chapters in Chicago, Baltimore, Dallas, Atlanta, Kearny, N. J., Los Angeles, Minneapolis, New Orleans, St. Louis and Wilmington, Del. Under date of April 15 the Community Trust further announced:

"The Salvation Army, which received $8.937, was second in volume of allocations, followed by Henry Street Visiting Nurse Service, to which $5,179 was paid.

"Recipients of other grants included: Bowery Branch Y.M.C.A., $5,100; Hebrew University in Palestine $4 808; F. D. Barstow Memorial School, Chittenden, Vt., $4,575; Berkshire Industrial Farm, $2,000; Manhattanville Day Nursery, $2,000; Neighborhood Day Nursery of Harlem, $2,000; Stevens Institute of Technology, $1,875; Federation for Support of Jewish Philanthropic Societies, $1,500; New Orleans Community and War Chest, $1,175; Girl Scouts, Inc., $1,124; and Community Service Society, $1,025.

Federal Farm Lending Agencies Should Cease Soliciting Loans, Says Mullenix

Regardless of whether or not certain Federal lending agencies in the agricultural field should be liquidated now, no sound reason exists for their continued solicitation of loans from farmers, Charles A. Mullenix, President of the Mortgage Bankers Association of America, declared in a statement on April 18. Mr. Mullenix stated:

"The time is now here for all solicitation of mortgage loans by Federal agricultural lending agencies to stop because private lenders, including banks, insurance companies and others, can supply all funds needed today at rates and on terms more favorable than ever before in their history. Continued subsidies to Federal farm lending agencies is simply a waste of taxpayers' money. They are no longer necessary for any valid reason."

Mr. Mullenix said he believed the recent report of the Byrd Committee on Reduction of Non-Essential Expenditures deserves greater public consideration than it has so far received. Among other things, it urges "legislation for the immediate liquidation of the Regional Agricultural Credit Corporation."

This Federal agency has been under attack for several months by commercial bankers who have contended that the type of credit it could extend can be liberally supplied by 11,000 country banks. The Byrd report declared that the emergency calling for the revival of the RACC does not exist, that its credit facilities are duplicated in other agencies and that its 3,000 full or part-time employees could be better used in war work. In his observations Mr. Mullenix said:

"One of the most important suggestions in the Byrd report is that which called on the Secretary of Agriculture to 'immediately issue a regulation requiring that the various agricultural lending agencies discontinue the solicitation of borrowers.'

"No more sensible and reasonable suggestion could be made at this time. Why should lending agencies, subsidized by Federal funds, be allowed to solicit borrowers today when the loans can be made by private lenders on favorable terms? The agricultural lending agencies have no justification whatsoever in refusing to comply with this suggestion."

ABA Wartime Personnel Administration Manual

A manual of wartime personnel administration for banks has been prepared by the Department of Customer and Personnel Relations of the American Bankers Association and is ready for distribution, it is announced by William Powers, Deputy Manager of the ABA who is in charge of the department. Based upon six months of study and on personnel conferences held by the ABA in every Federal Reserve district, the manual consists of 23 sections containing analyses of bank personnel shortages in wartime and related problems.

Chief among these 23 sections are those dealing with "Sources of Staff Replacements," "Women in Bank Work," "The Forty-Eight Hour Week," "Deferment Experience" and "Deferment Procedure" adopted by many banks, and a discussion of the War Manpower Commission's "Manning Tables." The Association's announcement April 22 added:

"The conferences out of which much of the factual information contained in the manual was developed consisted of a series of personnel clinics held in recent months throughout the country. Fifteen hundred back officers who attended these clinics will receive copies of the manual, which summarizes the information presented at the meetings by bank personnel men.

"The manual outlines the additional services which banks have been called upon to perform because of the war, such as ration banking, war production and government financing, foreign funds control and factory payroll work."

The manual states:

"In addition to these war activities, our financial institutions are expected to, and will, carry on most of their usual functions. The ordinary, everyday banking facilities for deposit, withdrawal, exchange, transfer, collecting, lending, investing and safekeeping are far more important now than in so-called normal times. Maintenance of these functions is the responsibility of the banking system. It is endeavoring to carry the full load in spite of the handicap occasioned through loss of many of its trained personnel to military and other purposes."

Copies of the manual may be obtained at ABA headquarters in New York.

Amend NY Unemployment Insurance Reporting Rule

Milton O. Loysen, Executive Director of the New York State Division of Placement and Unemployment Insurance, on April 21 reminded employers that under an amended regulation of the State Unemployment Insurance Law they must now furnish information concerning their former employees to the Division regardless of why the persons became unemployed. Mr. Loysen said:

"In the past, employers were required to submit information only when they believed that a person should be disqualified from receiving benefits. Now they must comply in all cases when requested. If they fail to comply they are guilty of a misdemeanor.

"When a person files his first claim for benefits in a benefit year, we immediately request from his last employer certain relevant facts on a form entitled 'Separation Notice.' This form, at present must be filled in, signed and returned to us within six business days. Where claims are for second and subsequent periods of unemployment in the benefit year, the forms must be executed and returned within three business days. To simplify matters, beginning May 24, this form must be returned within four business days in all instances."

"We do not want to impose any unnecessary paper work on employers," concluded Mr. Loysen. "But I cannot emphasize too strongly that they must comply with this regulation if we are to administer the Unemployment Insurance Law fairly and effectively."

Prosperity Of South Depends On Elimination of Freight Rate Discrimination

The post-war prosperity of the South depends mainly on the elimination of present freight rate discrimination, Governor Prentice Cooper of Tennessee told a conference of Southern Governors, at Atlanta, on April 16, said United Press advices, which further stated:

Governor Cooper, Chairman of the Southern Governors Conference, said the "present freight rate structure discriminates against regions with flagrant disregard of the fundamental principle of justice."

He said he was "convinced that the greatest single obstacle toward raising the per capita wealth of the South is the freight rate structure."

House Group To Study Puerto Rican Conditions; Tydings Introduces Bill For Independence

The House adopted on April 20 a resolution authorizing its Committee on Insular Affairs to conduct a study and investigation of political, economic, and social conditions in Puerto Rico. The resolution was sponsored by Representative Bell, of Missouri, Chairman of the House Insular Affairs Committee. The House on April 22 appropriated $25,000 for the inquiry.

A bill providing for the complete unconditional and absolute indepedence of Puerto Rico was introduced in the Senate on April 2 by Senator Tydings (Dem., Md.), Chairman of the Committee on Territories and Insular Affairs.

Senator Tydings said that he believes this is the only solution to the Puerto Rican problem and that in the long run they would "be better off than they would be under our stepchild policy, which solves nothing."

Generally, the bill follows the lines of the Philippine Independence Act, except that it provides for immediate independence for Puerto Rico whenever a constitution satisfactory to the people there and to the President of the United States shall have been adopted. The bill provides for the retention by the United States of air, naval and military bases on the island and also provides for the safeguarding of American interests.

In introducing his bill, Senator Tydings said that "Puerto Rico is the one large, thickly populated island which we obtained by conquest in the War with Spain which still remains under our sovereignty. As part of the good-neighbor policy this little country should also have the opportunity to become independent."

It was pointed out that this bill is not the result of the trip taken by the sub-committee of the Territories Committee to investigate social and economic conditions in Puerto Rico.

President Roosevelt recommended to Congress on March 9 that it consider amending the organic law of Puerto Rico so as to permit the Island people to elect their own Governor; this was referred to in our issue of March 25, page 1119.

OPA Price Ceilings Accorded Law Status In N. Y. State; Violators Subject To Local Action

All price ceilings and regulations issued by the Office of Price Administration are now law in New York State, in accordance with a resolution adopted April 28 by the State War Council. To this end, all city, county, village and town police, as well as State police and other State enforcement officials, are authorized to arrest violators of OPA rulings and, if adjudged guilty in the courts, they are liable to a fine of up to $25 or a five-day jail sentence for each offense.

In announcing the action of the War Council, of which he is Chairman, Governor Thomas E. Dewey explained that the council acted on the authority of the war emergency act, which gives the council full authority to promulgate rules and regulations with the force and effect of State law. "To be effective in the fight against inflation," he said, "price ceilings must be universally enforced," adding that "continuance of the rule by the War Council will be dependent upon such enforcement in other States." Furthermore, he said, "if we are to prevent our food supplies from being diverted from New York State to other States, it is imperative that the other States adjoining New York adopt similar enforcements and that better enforcements be provided by O. P. A." The Governor described the action as the most sweeping ever taken by the State War Council and said that no similar move has been taken in any other State.

Text of the War Council resolution reads as follows:

"Whereas, wide-spread violations of price ceilings are endangering the equitable distribution of food supplies to the people of the State of New York and tend to the breakdown of measures designed to prevent inflation; and

"Whereas, the War Council of the State of New York desires to take all steps legally possible to prevent inflation and a shortage of food in the State without in any manner approving all of the policies or the details of the price regulations by the Office of Price Administration, but finding that the promulgation and enforcement of such rules as shall, from time to time, exist, is imperative; and

"Whereas, sub-division 6 of Section 7 of the New York State War Council Emergency Act empowers the New York State War Council to adopt and promulgate in this State any rationing, freezing, price fixing, or other order of regulation imposed by the authority of the Federal Government; and to adopt rules and issue orders with respect to the enforcement of any such rationing, freezing, price fixing or other order or regulation; and

"Whereas, Chapter 171, Laws of 1943, Section 101a of the War Emergency Act, declares courts of special session outside the City of New York and City Magistrates' Courts in the City of New York, in the first instance, shall have exclusive jurisdiction to hear and determine charges of violations constituting misdemeanors or infractions under this act or under any rule, regulation or order duly promulgated pursuant to this act, committed within the territorial jurisdiction of such courts, such exclusive jurisdiction in the case of misdemeanors shall be subject to removal to another court or to divestment on account of indictment or otherwise in the same manner and to the same extent as is now or may hereafter be provided by law with respect to charges of misdemeanors generally in such respective courts; now, therefore, be it

"Resolved, that

"1. Solely for the purpose of enforcement, all regulations and orders established by the Price Administrator pursuant to the emergency control act of 1942, as amended by public law 729-77th Congress, are hereby adopted and promulgated in the State of New York.

"2. Every violation of any such regulation or orders shall constitute and be an infraction of this order, tryable and punishable pursuant to the provisions of the New York State War Emergency Act, as amended.

"3. This order shall continue in force and effect until June 30, 1944. unless sooner rescinded by the State War Council.

"4. This order shall become effective immediately."

Child Nurseries Called Form Of Regimentation

Lieutenant - Governor Thomas W. Wallace on May 2 warned 2,000 members of the Fire Department Holy Name Society that "certain groups" were seeking to bring about the regimentation of children through nursery care while their mothers were at work in war industry, according to the New York "Times" of May 3, which added in part:

Speaking at the Communion Breakfast in the Waldorf-Astoria of the Holy Name firemen from Manhattan, the Bronx and Richmond, Mr. Wallace said that regimentation would come in the United States unless "we, as Catholic men, are alert to stop every slight movement in that direction."

"Every one realizes," he continued, "that some provision has to be made for the care of children of mothers who are working in war industry. But that doesn't mean that any government agency or group or community should take care of the child permanently—and still right here in New York City such permanent care of children is being advocated by certain groups. Some of the advocates of such programs would take the child in the morning, keep him all day, supervise his play and his education and give him back to the mother only to be tucked into bed at night."

Relief Cost Taxpayers $25 Billion, 1933-43

Relief in the form of doles or payments for work on public projects cost the American taxpayer nearly $25,000,000,000 during the 1933-43 decade, according to Associated Press advices from Washington on April 25, which gave further details as follows:

That sum, including the money spent by Federal, State and local governments, exceeds the entire national debt through 1933, but is less than a third of what the Federal Government alone will spend in the war-time fiscal year ending June 30.

Shown in data compiled by the Social Security Board, the sum covers "payments to recipients of public assistance and earnings of persons employed under Federal work programs in the continental United States January, 1933-December, 1942." It does not take into account money spent for administrative purposes or for the purchase of materials.

Biggest single item in the $24,829,692,000 outlay was $9,042,928,000 in Federal funds paid those on the rolls of the moribund Work Projects Administration.

The second greatest single item was $6,055,431,000 credited by the Security Board to "general assistance" provided exclusively by the State and local governments without matching Federal funds.

Third was $3,024,251,000 expended on old-age pensions, with the Federal and State governments sharing the cost and, fourth, $2,139,008,000 that went to enrollees of the Civilian Conservation Corps.

Other expenditures in the 10-year span, which the Security Board said coincided roughly with the first decade of Federal participation in public aid, were given as follows:

Aid to dependent children, $900,306,000; aid to the blind, $158,976,000; Federal Emergency Relief Administration (predecessor to the WPA), $186,158,000; Farm Security Administration, $137,268,000; National Youth Administration, $508,492,000; Civil Works Program (also a WPA forerunner), $718,016, and projects operated by various Federal agencies on emergency funds, $1,958,858,000.

From January, 1933, through December, 1942, the Security Board figures show, pensions paid dependent children, the aged and the blind grew steadily.

Most of the other expenditures, made chiefly to benefit of the unemployed, had passed their peak by 1939 and were dropping sharply, reflecting emergence from the depression.

"Creeping Coercion By Directives Without Congressional Authority" Opposed

U. S. Chamber of Commerce Takes Stand In Resolution At Annual Meeting

The Chamber of Commerce of the United States, in a series of resolutions adopted at its 31st annual meeting in New York City on April 29, termed the foundation of essential unity in prosecution of the war, and in post-war reconstruction, "adherence by our governments—Federal, State and local—to policies in conformity with constitutional guarantees"; and urged the formulation and pursuit of policies "designed to remove any cause for doubt about purposes and objectives."

Regarding other resolutions, the New York "Sun" of April 29 reported:

It also called for the appointment of an administrator of civilian supply, "with a right to be heard in war councils"; and declared, in discussing the manpower situation, that "compulsion under the guise of voluntary action should not be taken," and that "creeping coercion by directives, without Congressional authority, should cease."

Another resolution asserted that full and efficient production in war and peace alike "requires freedom for management to operate without unreasonable Governmental interference, and without the assumption of managerial functions by labor leaders or any others who are not responsible to the owners of a business."

The Chamber also went on record for enactment by Congress of specific safeguards from abuse of labor laws, in which the rights of employers, employees and the public are adequately protected, and called for laws requiring financial accountings by labor unions, and for curbing the Labor Relations Board, "which is extending its statute to supervisory employees who act only for management."

"Congress should take steps to guard war production and the public safety against domination by any labor or other organizations," the resolution declared. "All Federal legislation affecting the rights of employees and employers should be amended to give a right to have court review of all decisions not now subject to appeal, and to afford equal protection to employees and employers."

Regarding price control, a resolution declared that in all such legislation full account should be taken of changes in labor and other costs, and that price control should not be administered for purposes of profit control.

Mutual Savings Bankers Meet Today In N. Y. To Discuss Economic Outlook And Problems

Will Analyze Whole Process Of Gov't Financing

Prospects for savings and the national economic outlook will be discussed in New York by representatives of business, banking and the Government today and tomorrow (May 6 and 7) before delegates attending the 1943 meeting of the National Association of Mutual Savings Banks. The breadth of the program indicates that the whole process of financing the Government is to be analyzed. Myron S. Short, Executive Vice-President of the Buffalo Savings Bank and President of the Savings Banks Association of the State of New York, will welcome the delegates. Levi P. Smith, President of the National Association and President of the Burlington (Vt.) Savings Bank, is to review events of the year and point to trends of the future.

Speaking for the Government, William M. Robbins, National Director of Sales, War Finance Committee, is expected to describe how modern merchandising methods have made possible the Second Victory Loan Drive. Mr. Robbins is scheduled to speak at the opening session of the meeting this morning (May 6), and his address will be broadcast over the coast-to-coast network of NBC. Winthrop W. Aldrich, Chairman of the Chase National Bank of New York, will deal with the national prospect, speaking upon the theme of "Savings and War Finance." Henry Bruere, liaison officer for mutual savings banks and the Treasury Department, and President of the The Bowery Savings Bank of New York, is to discuss the contribution of mutual savings banks and their depositors to the Government.

Other speakers at today's session include Senator Austin (Rep., Vt.), discussing the manpower requirements, and A. George Gilman, President of the Malden (Mass.) Savings Bank and Chairman of the Association's Committee on Federal Legislation. A symposium dealing in detail with banking issues of the day will also be held.

At tomorrow's sessions the scheduled speakers are: Willard F. Place, Vice-President in charge of finance of the New York Central System; W. H. Duff of Duff & Phelps, Chicago; Dr. Marcus Nadler, Professor of Finance of New York University; William Benton, Vice-Chairman of the Board of Trustees of the Committee for Economic Development; Walter R. MacCornack, Dean of the School of Architecture of Massachusetts Institute of Technology and Chairman of the Committee on Post-war Reconstruction, and Abner H. Ferguson, Federal Housing Administrator. A second symposium, dealing with what savings banks should do in building the city of the future, will also be held.

Florida Legislature Votes Ban On Closed-Shop Contracts

Voters To Consider Plan

The Florida House on April 29 concurred with two Senate changes in a proposed constitutional amendment which would outlaw labor's closed-shop contracts in the State. The proposed amendment, the Associated Press reported from Tallahassee, will be considered by the voters at the 1944 general election and, if approved, Florida will become the first State to abolish the closed shop by constitutional amendment.

As amended by the Senate, the proposal changes the Florida Bill of Rights to read that "the right of persons to work shall not be denied or abridged on account of any membership or non-membership in any labor organization or union; provided that this clause shall not be construed to deny or abridge the right of employees by and through a labor organization or union to bargain collectively with their employer."

Reversing Selective Service Suggested For Post-War Readjusting To Civil Life

Plan Submitted By Gray of Grenby Mfg. Co.

A plan for reversing the Selective Service System so as to assure the men in the armed forces of a proper place in civilian life after they are demobilized was suggested on April 24 by Carl A. Gray, Connecticut manufacturer, former State director of the War Production Board, and originator of the successful "Connecticut Plan" for industrial defense training.

Mr. Gray, who is President of the Grenby Manufacturing Co. of Plainfield, Conn., and the Newton, Thompson Co. of Brandon, Vt., believes that the process can be reversed and that it provides the simplest solution to the problem of adjusting the millions of soldiers, sailors and marines to civilian life as they are discharged from the service.

Regarding the plan, outlined in an interview on April 24, the New York "Times" of April 25 reported:

Mr. Gray emphasized that it is not sufficient for national programs to merely plan jobs for returning soldiers. The service men, many of them youngsters just out of school, will require vocational guidance and in many cases vocational training if they are to be fitted for useful civilian life, Mr. Gray says.

He believes that the sifting and training facilities that now operate to put men into the armed services can be utilized in conjunction with educational facilities available in local communities to fit the returning service man into peace-time pursuits. He suggests that such a program be organized now to adjust disabled soldiers to civilian life, and that the program be expanded as the volume of discharged service men increases. He believes the program should be organized on a State or community basis with Federal coordination.

"It is possible to forecast trends in business," Mr. Gray said, "and it is possible to forecast manpower needs, even in specific categories. Not only is it possible, but it is being done every day now. Why should the adjustment, the training of new entrees into the business and commercial world be left to chance, when in war it can be done so specifically?

"Men are being chosen every day in the Army for the Air Forces, to drive a tank, for the Adjutant General's office, to become cooks, infantrymen, or to go to Officers' Candidate School. By reversing the process of Selective Service, we can make these things come true in civil life; we can say with a degree of certitude that a great many cooks, truck drivers, tool makers, school teachers, lawyers, physicians, clerks or textile machine operators are going to be needed in a certain area. Then we must proceed to train our demobilized troops who are not definitely and certainly tied in with a job or a business.

"Many of these men, through former connections, family, or friends, will slide back noiselessly into civilian life; but we must focus our attention on those who otherwise would be left adrift.

"They should get as thorough a going-over as they got when they went into the Army. Their vocational interview must be no cursory thing. It should last for an hour or for a day, if necessary. Aptitude tests must be given. Trained employment experts and psychologists must consult with the soldier, talk to him about his plans, and steer him into the right kind of training.

"The man with an I. Q. of 155 must be discouraged from seeking retreat into a menial job, and the I. Q. of 75 must be dissuaded from trying to study medicine. It is not impossible to accomplish this. It is being done every day. The weeding process is going on in every Army reception center in the country. The machinery is available. All we need to do is reverse the process from ingress to egress. Going out of the Army should be as meticulous a process as going in."

Mr. Gray believes that the Federal Government should bear the expense of fitting a war veteran for a useful job.

"The Government trains and pays men to learn to kill. How much better to pay them to learn to live and to produce for our general welfare," he said. "When the Government takes a boy from school, puts him in the Army, trains him rigorously to kill, then the Government has taken something from that boy. It should be the Government's responsibility to see that he is properly adjusted to civilian life when his Army life is finished.

"Only about 10% of the men in the service have had superior education. The 90% have nobody to speak for them, and many of these men are bound to just drift unless the Government helps them. They must not be permitted to drift. We don't want veterans selling apples on street corners after this war."

It is added that Mr. Gray suggests, specifically that the program be headed by a small council composed of the heads of various cooperating agencies, which would include educational groups, labor organizations and employer's associations. A research section would be set up to study trends in business and industry and to survey employment needs and opportunities.

US And Mexico Form Economic Committee

Creation of a joint United States-Mexican Committee to formulate a program for economic cooperation, after making a study of the balance of international payments and the resulting Mexican economic situation, was announced on April 29 by the State Department. The agreement to create an economic committee made up of two representatives from each country, the Department said, was reached by President Roosevelt and President Avila Camacho, respectively, as the result of their recent reciprocal visits in Mexican and United States territory.

Mr. Roosevelt met President Avila Camacho at Monterrey, Mexico, on April 20 (referred to in our issue of April 22, page 1490) and the following day President Avila Camacho returned the visit at Corpus Christi, Texas.

The State Department's announcement follows:

"As a result of the welcome opportunity afforded by the reciprocal visits made by President Roosevelt and President Avila Camacho, respectively, in Mexican and United States territory, the two Presidents reached the following agreement:

"1. It is considered desirable that expert economists undertake the study of disturbances in the balance of international payments and the related economic situation of the Republic of Mexico resulting from the peculiar circumstances of war economy in order to recommend appropriate measures of regulation and adjustment.

"2. Such measures would have as their objective the handling of economic relationships between the two countries in such a way that the production of strategic materials by Mexico should not be prejudiced and that their quantity should not be lessened, and in order to insure the stability of such production and its possible development, it is recognized that the cooperation of the United States will be indispensable.

"3. To this end and in order to assure that the economic relations between the two countries be continued on the most equitable basis, it has been decided:

"I. To create an economic committee made up of the representatives from each country which will study the balance of international payments and the resulting economic situation of the Republic of Mexico and formulate as the result of such study a program for economic cooperation.

"II. This committee will fix as its place of meeting either Mexico City or Washington, and in the course of its studies the committee will be afforded by both governments all necessary information.

"III. This committee will commence its studies May 1 and will conclude its deliberations not later than June 15 of the present year."

Favors Post-War Training For Youth

(Continued from page 1683)

partly military, but he was impressed by the benefits in physical condition and mental alertness that men and women in service and war-workers uniforms have realized.

4. He found the country as a whole has a better perspective on the war, a better sense of proportion, is soberer in temper and more intelligent in its attitude than a good part of Washington.

The itinerary of the President's trip follows, according to the Associated Press:

Seventeen days of crowded activity formed the background for Mr. Roosevelt's conclusions. After leaving Washington, his first stop was the Parris Island, S. C., Marine base. From there the intial phase of his swing took him through Alabama, Georgia, Tennessee, Arkansas, Oklahoma and Texas, with stops at various war centers, to Monterey, Mexico, for his meeting with President Manuel Avila Camacho. That much of the trip was made known after the Monterey meeting, when the two Presidents issued their statements of solidarity in the war.

From Monterey, Mr. Roosevelt went to Denver and then came back to Washington by a route through the middle of the country. Altogether, he visited 11 Army posts, a Marine base, a WAAC school, a Naval air training center and four war plants.

He saw troops in all stages of training, including simulated warfare, ate Army meals on three occasions, and, in factories, saw the production of planes and ammunition.

Here is the schedule he followed from Monterey back to Washington:

April 21, inspected Naval air station, Corpus Christi, Texas; April 22, rested with members of his family at the Texas ranch of his son, Elliott, who is with the American forces in North Africa; April 23, traveled to Colorado; April 24, visited Camp Carson, near Colorado Springs, an ammunition plant at Denver, Lowry Field, where Air Force technicians are trained, and Fitzsimons General Hospital; April 25, inspected Fort Riley, Kan., and attended Easter services there; April 26, visited Martin bomber plant at Omaha; April 27, reviewed 15,000 troops at Jefferson Barracks, Mo., near St. Louis, and visited Republic fighter plane plant at Evansville, Ind.; April 28, saw demonstration at Fort Knox, Ky., of Armored Force tactics, followed by night trip to Washington.

The first part of the President's tour, including the visit to Mexico, was referred to in our issue of April 22, page 1490.

Auto Workers Seek Post-War Security Fund—Also Increased Bonuses Instead Of Vacations

Representatives of 300,000 members of the United Automobile Workers of America, CIO, employees of General Motors Corp., meeting at Detroit, April 30, heard Walter P. Reuther, UAW-CIO Vice-President, demand that General Motors Corp. establish a post-war security fund for the benefit of its regular employees, including men in the armed forces. Among other demands by Mr. Reuther which the delegates approved was one for an increased schedule of bonuses in lieu of 1943 vacations, ranging up to 120 hours' pay for employees with five-years' seniority.

About 100 delegates from General Motors Corp. plants in which the union has representation met to discuss terms for reopening the wage sections of the contract between the union and the company.

It was also recommended by Mr. Reuther that the corporation be asked to join the union in demanding that the Government institute industry-wide wage stabilization discussions.

Mr. Reuther also proposed that the conference put itself on record before the Government in asking a termination of the recent wage-freeze order, establish machinery through the War Labor Board for wage stabilization, roll back prices or raise wages to correspond to the current price level and guarantee pay for a 40-hour week with the recommendation that the work week be 48 hours.

Finally, acting on the incentive pay question, the conference adopted a resolution expressing opposition to "piece work under any name" and called upon the international board to take "a firm and decisive position against any and all forms of so-called incentive pay."

The resolution was construed as a criticism of the Executive Board's recent action in Cleveland. The Board went on record against incentive pay in principle, but authorized Richard T. Frankensteen, a Vice-President, to sit on a War Production Board Committee studying incentive pay plans.

Mr. Reuther said he based his security fund proposal on the theory that the company was already setting aside a huge fund for post-war rehabilitation of machines. He said the reserve fund for machines already amounted to about $48,000,000 and urged that an equally large fund be set up for workers.

Tons Per Carload Freight At Record

In 1942 railroads of the United States attained a new high record in the average number of tons per carload freight, the Association of American Railroads announced on April 23. The average for that year was 40.1 tons per car. This is the fourth consecutive year in which a new high record has been established. In 1941, the average was 38.2 tons and in 1940, it was 37.7 tons.

This record, the Association's statement says, resulted from the country-wide program in which shippers and receivers of freight have united to produce maximum efficiency in the loading of cars and also from General Order ODT No. 18, applying to carload freight, which became effective Nov. 1, 1942, and which requires cars to be loaded heavier than in the past. By increasing the average load per car, greater utilization is being obtained from available equipment.

Communist Pamphlet Attacks Rickenbacker

The Communist Party, through its "front" groups and controlled labor unions, has launched a national attack on Capt. Edward V. Rickenbacker, it was learned on April 27, according to the New York "Journal-American," which further reported:

Focal point of the drive against the World War I ace and outstanding patriot is a two-cent pamphlet, "The Real Rickenbacker," written by Sender Garlin and issued by the "Workers Library Publisher."

This pamphlet is now on the "must" list of all Communist Party propaganda agencies and is being widely distributed through Red cells in the maritime, aircraft and similar war industries.

Rickenbacker, who a few months ago spent three weeks on a life raft following a plane crash while he was on a Government mission in the Pacific, has condemned absenteeism, racketeering and warned "Communists to get into Uncle Sam's uniform and pay their share of the obligation for the privileges they are enjoying."

Garlin, author of the pamphlet and feature editor of the official Communist publication, "The Daily Worker," attacks America's ace flier as a "reactionary" and "anti-labor," adding:

"Rickenbacker seeks to discredit the social gains achieved by labor and the people—gains commonly identified with the New Deal."

As far as is known, Garlin has served his country by spending three years in Moscow as correspondent of his newspaper. Unlike Rickenbacker, he is of draft age.

Haase Made Executive Of Controllers Institute

Paul Haase has been appointed Assistant Secretary of the Controllers Institute of America and Managing Editor of its official publication, "The Controller." Prior to this appointment, which became effective May 1, Mr. Haase was Associate Editor of "Credit and Financial Management," official organ of the National Association of Credit Men, and director of public relations and promotion of that organization.

Before joining the staff of the credit men's group in 1931, Mr. Haase was with the old New York "World." A graduate of New York University, Mr. Haase is the author of numerous articles on economic and business trends. He is a national director of the National Association of Public Relations Counsel and past President of the Conference on Association Publicity. As Assistant Secretary of the Controllers Institute, Mr. Haase will aid in carrying out its functional activities, in addition to serving as Secretary of several of its committees.

Saudi Arabia Lend-Lease

The White House announced on April 19 that President Roosevelt had authorized extension of lend-lease aid to the Government of Saudi Arabia, one of the nations in the strategic Middle East area. United Press Washington advices of April 19 said:

"The United States has been strengthening its diplomatic representation in the Middle East and the lend-lease authorization is believed to reflect official conviction that the Moslem world is now substantially on the side of the United Nations."

Electric Output For Week Ended May 1, 1943 Shows 17.0% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended May 1, 1943, was approximately 3,866,721,000 kwh., compared with 3,304,602,000 kwh. in the corresponding week last year, an increase of 17.0%. The output for the week ended April 24, 1943, was 19.9% in excess of the similar period of 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— May 1	April 24	April 17	Apr. 10
New England	8.1	9.5	8.9	9.4
Middle Atlantic	13.0	16.7	15.7	15.3
Central Industrial	14.3	17.3	17.0	15.0
West Central	12.9	14.4	13.8	12.4
Southern States	19.5	24.9	20.3	19.7
Rocky Mountain	15.0	13 9	14.8	10.6
Pacific Coast	32.4	32.6	30.4	26.9
Total United States	17.0	19.9	18.4	16.9

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
Feb 6	3,960,242	3,474,638	+14.0	2,989,392	1,578,817	1,726,161
Feb 13	3,939,708	3,421,639	+15.1	2,976,478	1,545,459	1,718,304
Feb 20	3,948,749	3,423,589	+15.3	2,985,585	1,512,158	1,699,250
Feb 27	3,892,796	3,409,907	+14.2	2,993,253	1,519,679	1,706,719
Mar 6	3,946,630	3,392,121	+16.3	3,004,639	1,538,452	1,702,570
Mar 13	3,944,679	3,357,444	+17.5	2,983,591	1,537,747	1,687,229
Mar 20	3,946,836	3,357,032	+17.6	2,983,048	1,514,553	1,683,262
Mar 27	3,928,170	3,345,502	+17.4	2,975,407	1,480,208	1,679,589
Apr 3	3,889,858	3,348,608	+16.2	2,959,646	1,465,076	1,633,291
Apr 10	3,882,467	3,320,858	+16.9	2,905,581	1,480,738	1,696,543
Apr 17	3,916,794	3,307,700	+18.4	2,897,307	1,469,810	1,709,331
Apr 24	3,925,175	3,273,190	+19.9	2,950,448	1,454,505	1,699,822
May 1	3,866,721	3,304,602	+17.0	2,944,906	1,429,032	1,688,434

Steel Operations Affected By Coal Mine Shutdown—Industry To Go On 48-Hr. Basis

"The trend in steel has been toward more hours per week per employee at many plants and now the entire industry is slated to go on the 48-hour basis," states "The Iron Age" in its issue of today (May 6), which further goes on to say: "The longer work week ordered by the Government will not yield additional raw steel, as operations have been close to capacity for months. Down-grading of employees and layoffs appear likely, although part of the workers may be absorbed in plants nearing completion. In the neighborhood of $100,000,000 will be added to steel company costs and some companies may be forced to appeal for higher selling costs, long unchanged.

"Despite the short duration of the coal mine shutdown, the effects of it are expected to be felt in the steel industry for some time. Stockpiles before the strike had been reduced, and if negotiations fail after the 15-day Lewis truce, it is almost certain that some blast furnace will go out of commission immediately. Last week's shutdown of captive mines, which in some cases amounted to four days, and the loss of two to three days' production of beehive coke were serious threats to the steel industry.

"Meanwhile, evidence continues to accumulate that munitions-making programs are undergoing adjustments, with output by some sections of industry being curtailed. The railroads are scheduled to suffer a blow on their third-quarter requirements for steel, and the oil industry also may not receive the steel it wants unless adjustments are made by all interested parties.

"In order to help straighten out the confusion and lack of coordination in regard to components, WPB is considering the establishment of a new industrial procedure soon. Components will be flowed to such programs as the highly critical 100-octane gasoline, synthetic rubber, aluminum, magnesium, steel, shipbuilding and power-generating plant projects. The plan will be known as the Component Scheduling Plan.

"High quality carbon steels of forging and special requirement grades may be subject soon to scheduling similar to that employed by WPB with respect to alloy steels, it was learned at Washington this week. Also, steel producers are going to be requested to increase capacity for making these steels because demand is more for high-carbon and special-requirement steels than for ordinary grades.

"Steel mill schedules for third quarter are reported filling up at a fast rate under the 'first come, first served' policy which now prevails under CMP. As a matter of fact, even a generous quantity of orders for delivery in first quarter of 1944 are held by the steel industry.

"Steel ingot production this week dropped two points to the lowest level since the week of Sept. 24, 1942."

The American Iron and Steel Institute on May 3 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 98.2% of capacity for the week beginning May 3, compared with 100% one week ago, 99.6% one month ago and 98.6% one year ago. This represents a decrease of 1.8 point or 1.8% from the preceding week. The operating rate for the week beginning May 3 is equivalent to 1,700,500 tons of steel ingots and castings, compared to 1,731,700 tons one week ago, 1,724,700 tons one month ago and 1,674,800 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on May 9 stated in part as follows: "Little steel is available for delivery before July for buyers not already covered by CMP numbers. An occasional lot may be worked into schedules but this would be the rare exception.

"Conversion from Production Requirements Plan to Controlled Materials Plan is practically complete and much tonnage which failed to be validated by CMP has been cancelled, clearing mill books of many orders on which delivery was remote and practically impossible. Most material originally booked under PRP was converted to the new plan, and in spite of cancellations producers have all the business they can handle, though order books are in better condition for economical scheduling. While some directives still are necessary the new plan requires fewer than formerly.

"Narrow cold-strip orders have been heavy in recent weeks and many producers have filled third-quarter production quotas, some orders being booked for fourth quarter. Directive quotas limit backlogs and some orders have been refused. Difficulty is experienced in formulating balanced operating schedules. Indications are that steel strip is being used more widely for war purposes in place of copper.

"The steel-sheet situation is tightening, with mill schedules filled to midyear in most cases, some CMP tonnage going over into July. Galvanized sheets, recently available for second-quarter delivery, now are difficult to obtain earlier than third quarter.

"Not only is steel and iron scrap being delivered in better volume but quality has improved on the average, with more heavy material to offset the preponderance of light grades, which have been difficult to use economically. While scrap supply is enough for current steelmaking needs, not much progress is being made in accumulating reserves, though some tonnage is being laid down for future use.

"Various pig iron consumers find their position easing considerably from that of the past few months and many are in possession of better inventory than for some time. This has resulted from lessened demand for some lines of castings from gray iron shops, including those for machine tool and mill equipment manufacturers."

Canada Consulate Will Open In N. Y. C.

A Canadian Consulate General, the first established by Canada in a foreign country, will be opened about May 1 in the British Empire Building in Rockefeller Center at 620 Fifth Avenue, New York City, according to a recent announcement in the House of Commons at Ottawa by Prime Minister W. L. Mackenzie King.

Hugh D. Scully, Canadian Commissioner of Customs, will be the Consul General, Mr. King said, explaining that the new office was necessitated by the great increase in Canadian activities in the New York area. The Prime Minister also said that its establishment would relieve the British Consulate General of a considerable amount of work it had carried out in behalf of the Dominion. It is indicated that the offices of the Wartime Information Board and the Canadian Trade Commissioner in New York will be incorporated in the offices of the Consul General.

The Canadian Government also announced the appointment of Douglas S. Cole as Senior Trade Commissioner in the United States with the rank of Consul. Mr. Cole has for the past eight years been Canadian Trade Commissioner at New York, during which time Canada has carried out two trade agreements with the United States.

Retail Dry Goods Ass'n To Hold War Forum

As its contribution to the acute nation-wide manpower problem, and in the interest of the war economy generally, the Personnel Group of the National Retail Dry Goods Association, will hold a two-day Wartime Forum, on June 1 and 2, at the Cleveland Hotel, Cleveland, Ohio, it is announced by George Plant, manager of the group. Because of the many new government regulations affecting the hiring and working conditions of employees, and altering the personnel practices under which stores have operated for many years, such as the employment shortage, the 48-hour minimum work week, wage stabilization, and selective service policies, the Forum will be devoted to a practical and down-to-earth discussion of these problems which are common to all. It is announced that there will be few, if any, formal or set speeches. The sessions will be of a technical nature, with open discussions predominating. Experience of stores in acute defense centers will be stressed, and this exchange of experience and clarification of effective personnel procedure will aid both the Government program, and the stores' job in fulfilling civilian needs.

Negroes To Occupy 12% Of Dwellings When Federal Housing Program Is Completed

Negro tenants will occupy about 88,000 public housing units, representing 12% of a total of 744,000 dwellings, and developed at a cost of more than $360,000,000 when the current public housing program is completed, Herbert Emmerich, Commissioner of the Federal Public Housing Authority, is said to have announced.

It is further stated that according to recent estimates, about 42,000 of these dwellings will be provided by the War Housing Program which reached a total of 612,000 units on March 15. Provision for negro tenants is 7% of this program.

Washington advices to the New York "Times" of April 28, from which the foregoing is quoted, further said:

Under the low-rent, non-war program, which made available 132,000 homes, almost 46,000 are finished and occupied by negro tenants. Many of these low-rent dwellings, in war-production centers now house negro war workers. The scarcity of critical materials and labor has necessitated the suspension of building under the low-rent program for the duration of the war. Consequently, almost 3,500 of the low-rent dwellings authorized and planned for tenancy by negroes are now temporarily suspended.

In the development of the total housing program, negro construction workers had earned more than $33,000,000 by the end of 1942. This represented 12% of total payroll expenditures. Negro craftsmen had received $7,000,000 or 4% of the total paid to skilled workers.

About 16,000 of the war dwellings for negro workers brought into war-production areas have been finished, and 18,000 are under way.

In addition to negro construction workers, negro manpower has been utilized in the management and maintenance of public housing projects. More than 1,000 negroes are currently employed in various capacities such as managers, engineers, clerical assistants and custodial workers. One hundred and thirty negroes are now in charge of projects.

Approximately 140 negroes are employed on the departmental staff of the FPHA in Washington, and 40 are working in FPHA regional offices. Among these are three lawyers, three architects, an area management supervisor, a project planner and a junior management assistant recruited from the ranks of housing apprentices in the agency.

Discussing the relation between negro war housing and negro war production employment, Mr. Emmerich, speaking for himself and John B. Blandford, Jr., Administrator of the National Housing Agency of which the FPHA is a constituent unit, declared:

"Since it is the policy of the National Housing Agency and the Federal Public Housing Authority to provide war housing to meet the proportionate needs of essential negro migrant war workers, the percentage of negro participation in the war-housing program tends to reflect the percentage of their employment in essential war work."

N. Y. Board Asks Repeal Of Transportation Tax

Directors of the Commerce and Industry Association of New York urged the Congress on April 23 to repeal provisions of the Revenue Act of 1942, which levy a tax upon the transportation of goods and commodities, claiming the tax is a genuine nuisance and another heavy burden upon manufacturers and distributors of consumer goods. In a letter to the New York City Congressmen, the two New York State Senators and members of the House Ways and Means Committee, Thomas Jefferson Miley, the Association's Secretary, asserted the tax had become burdensome to both sellers and buyers because of the many different methods employed in selling and shipping merchandise. Mr. Miley stated:

"The OPA has held that where the pricing is on a delivered price basis, the seller must absorb the tax; and in cases where the price is f.o.b. producer's establishment, the buyer absorbs the tax. There has been no end of confusion so far as the ultimate pricing of merchandise is concerned.

"The existing tax is not only a nuisance and an annoyance, but it is a further expense upon business unless such tax can be added to the sales price and collected from the ultimate consumer. We believe that, in the light of existing heavy business taxes, this tax should be repealed."

Requests Funds For Major War Agencies

President Roosevelt transmitted to Congress on April 19 a request for $2,372,350,000 for the War Shipping Administration for the fiscal year 1944, which begins July 1. Most of the fund is for the construction of cargo vessels and for the Merchant Marine.

The President also asked Congress for funds to operate other war agencies in the 1944 fiscal year. These include: $36,150,000 for the Board of Economic Warfare; $2,053,000 for the Office of Defense Health and Welfare Services; $5,473,000 for the War Petroleum Administration; $48,170,000 for the War Relocation Authority; $47,342,000 for the Office of War Information and $895,000 for the Solid Fuels Coordinator's Office.

Mr. Roosevelt also submitted a supplemental request for $3,000,000 to enable the Office of Price Administration to have printed the necessary forms and other materials for rationing programs.

4,657 New Freight Cars In Service In First 3 Months

The Association of American Railroads on April 26 announced that Class I railroads put 4,657 new freight cars in service in the first three months of 1943, compared with 27,263 in the same period last year. Those installed in the first quarter of 1943 included 1,662 hopper, 2,008 gondola, 801 flat, 135 automobile box, 24 plain box and 27 miscellaneous freight cars.

New freight cars on order on April 1, 1943, totaled 20,712, the construction of which had been authorized by the War Production Board. On the same date last year they had 69,515 on order. New freight cars on order on April 1, this year, included 11,605 hopper, 7,459 gondolas, 1,645 flat and three plain box cars.

Class I railroads also had 586 new locomotives on order on April 1, this year, compared with 930 on the same day in 1942. The number on order on April 1, 1943, included 392 steam, 12 electric and 182 diesel compared with 426 and 504 electric and diesel one year ago.

Railroads also placed 159 new locomotives in service in the first three months this year, of which 125 were steam, 6 electric and 28 diesel. New locomotives installed in the same period last year totaled 179, of which 78 were steam and 101 were electric and diesel.

Wholesale Commodity Prices Declined 0.1% During Week Ended April 24 Says Labor Dept.

The U. S. Department of Labor announced on April 29 that the Bureau of Labor Statistics' index of commodity prices in primary markets declined fractionally by 0.1% during the week ended April 24, largely because of weakening prices for cattle and hogs. At 103.4% of the 1926 average the comprehensive index is only slightly higher than at this time last month and about 5% higher than it was a year ago.

The Department's announcement further said:

"Farm Products and Foods: Average prices for farm products dropped 0.4% during the week, led by decreases of over 5% for cows, more than 1% for hogs, and lower prices for steers, flaxseed, onions and potatoes in the New York and Portland (Oregon) markets. Somewhat higher prices were reported for grains, with increases of ½-1½% for wheat, oats, corn and rye. Cotton advanced fractionally and quotations were also higher for eggs, apples, citrus fruits and sweet potatoes.

"Food prices in wholesale markets continued to rise, and are now at the highest level since late in 1920. In addition to the increase in prices for eggs and for certain fruits and vegetables, oleomargarine and vinegar also advanced.

"Cattle feed declined 1.4% as a result of lower quotations for bran and linseed meal.

"Industrial Commodities: There were very few changes in prices for industrial commodities. Quotations for rosin and linseed oil dropped sharply following the increase of the preceding week. Lower prices were also reported for maple flooring. Quotations were higher for red cedar shingles and for soap products."

The following notation is made:

During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past three weeks, for March 27, 1943 and April 25, 1942 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to April 24, 1943 from—		
Commodity groups—	4-24 1943	4-17 1943	4-10 1943	3-27 1943	4-25 1942	4-17 1943	3-27 1943	4-25 1942
All commodities	*103.4	*103.5	*103.5	*103.3	98.6	—0.1	+0.1	+ 4.9
Farm products	123.9	*124.4	*124.3	*124.2	104.8	—0.4	—0.2	+18.2
Foods	108.5	108.4	107.9	107.6	99.6	+0.1	+0.8	+ 8.9
Hides and leather products	118.4	118.4	118.4	118.4	119.8	0	0	— 1.2
Textile products	96.9	96.9	96.9	96.8	97.0	0	+0.1	— 0.1
Fuel and lighting materials	81.1	81.1	81.1	80.8	78.5	0	+0.4	+ 3.3
Metals and metal products	*103.9	*103.9	*103.9	*103.9	103.9	0	0	0
Building materials	110.2	110.3	110.3	110.4	108.8	—0.1	—0.2	+ 1.3
Chemicals and allied products	100.1	100.1	100.1	100.0	97.1	0	+0.1	+ 3.1
Housefurnishing goods	104.2	104.2	104.2	104.2	104.4	0	0	— 0.2
Miscellaneous commodities	91.4	91.4	91.3	91.2	90.0	0	+0.2	+ 1.6
Raw materials	*112.5	*112.8	*112.7	*117.5	100.4	—0.3	0	+12.1
Semimanufactured articles	92.9	93.0	93.0	92.9	92.6	—0.1	0	+ 0.3
Manufactured products	*100.8	*100.8	*100.8	*100.7	98.9	0	+0.1	+ 1.9
All commodities other than farm products	*99.0	*99.0	*99.0	*98.8	97.3	0	+0.2	+ 1.7
All commodities other than farm products and foods	*96.8	*96.8	*96.7	*96.6	95.6	0	+0.2	+ 1.3

*Preliminary.

National Fertilizer Association Commodity Price Average Unchanged

There was no change in the general level of wholesale commodity prices last week, according to the price index compiled by The National Fertilizer Association and made public on May 3. This index in the week ended May 1 remains at 135.7% of the 1935-1939 average, the same as in the preceding week. The index was 135.9 a month ago and 127.9 a year ago. The association's report continued as follows:

Price changes during the week were comparatively slight. Rising prices for bread, eggs, oranges, chickens and soybean oil, which more than offset a decline in potatoes, were responsible for an upturn in the food group index. In the farm-product group declining quotations for livestock and cotton more than counterbalanced advances in grains; the net result was a decline in the group index. The only other group average to decline during the week was that representing the prices of textiles, which dropped fractionally.

During the week 11 price series included in the index advanced and 8 declined; in the preceding week there were 8 advances and 7 declines; in the second preceding week there were 10 declines and 8 advances.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week May 1 1943	Preceding Week Apr. 24 1943	Month Ago Mar. 27 1943	Year Ago May 2 1942
25.3	Foods	139.9	139.5	138.7	126.1
	Fats and Oils	147.8	147.7	148.0	138.7
	Cottonseed Oil	159.0	159.0	160.1	159.3
23.0	Farm Products	153.8	154.2	155.8	136.8
	Cotton	201.0	201.5	201.7	190.5
	Grains	143.2	142.5	140.6	113.8
	Livestock	148.5	149.2	152.4	132.3
17.3	Fuels	122.2	122.2	121.8	119.2
10.8	Miscellaneous commodities	130.4	130.4	130.4	127.9
8.2	Textiles	151.3	151.4	151.5	149.1
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.2	152.2	152.2	151.6
1.3	Chemicals and drugs	126.6	126.6	126.6	120.7
.3	Fertilizer materials	117.9	117.9	117.9	118.7
.3	Fertilizers	119.8	119.8	119.8	115.3
.3	Farm machinery	104.1	104.1	104.1	104.1
100.0	All groups combined	135.7	135.7	135.9	127.9

*Indexes on 1926-1928 base were May 1, 1943, 105.7; April 24, 105.7; May 2, 1942, 99.6.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate rate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
May 4	118.37	109.97	118.20	115.43	110.52	97.16	101.47	112.93	115.82
3	118.34	109.79	118.00	115.43	110.52	97.16	101.47	113.12	115.82
1	118.34	109.79	118.00	115.43	110.52	97.00	101.31	113.12	115.63
Apr. 30	118.36	109.79	118.00	115.43	110.34	97.00	101.31	113.12	115.63
29	118.24	109.79	118.00	115.43	110.52	97.00	101.31	112.93	115.82
28	118.23	109.79	118.00	115.43	110.52	96.85	100.98	113.12	115.82
27	118.25	109.60	118.00	115.24	110.52	96.69	100.98	112.93	115.63
26	118.26	109.79	118.00	115.43	110.52	96.69	100.98	112.93	115.63
24	118.23	109.79	118.00	115.43	110.52	96.69	101.14	113.12	115.63
23	STOCK EXCHANGE CLOSED								
22	118.22	109.60	118.00	115.43	110.34	96.69	100.98	113.12	115.82
21	118.17	109.60	117.80	115.43	110.34	96.54	100.98	112.93	115.63
20	118.21	109.60	118.00	115.43	110.52	96.54	100.81	112.93	115.82
19	118.21	109.60	117.80	115.43	110.52	96.69	100.98	112.93	115.82
17	108.08	109.60	117.80	115.43	110.52	96.54	100.98	112.93	115.82
16	118.06	109.60	117.80	115.43	110.52	96.38	100.81	112.93	115.63
15	118.00	109.60	117.80	115.24	110.52	96.54	100.98	112.93	115.63
14	117.85	109.60	117.80	115.24	110.52	96.38	100.81	112.93	115.63
13	117.68	109.42	117.80	115.24	110.52	96.23	100.65	112.93	115.63
12	117.51	109.60	117.80	115.24	110.52	96.38	100.81	112.93	115.63
10	117.48	109.60	117.80	115.24	110.52	96.54	100.81	112.93	115.63
9	117.48	109.60	117.30	115.43	110.52	96.69	100.98	113.12	115.63
8	117.48	109.79	118.00	115.43	110.52	96.85	101.14	113.12	115.82
7	117.46	109.79	117.80	115.43	110.52	96.85	101.14	113.12	115.82
6	117.44	109.79	117.80	115.43	110.52	96.85	101.14	113.12	115.82
5	117.51	109.79	117.80	115.43	110.52	96.85	101.14	113.12	115.82
Mar. 26	116.93	109.60	117.80	115.43	110.52	96.23	100.65	113.12	115.63
19	116.86	109.42	117.60	115.43	110.52	95.92	100.32	113.12	115.63
12	116.87	109.24	117.60	115.43	110.34	95.77	100.16	112.93	115.43
5	116.97	109.42	117.80	115.43	110.34	95.77	100.16	113.12	115.43
Feb 26	117.11	109.24	117.60	115.43	110.15	95.47	100.00	112.93	115.43
19	117.11	109.06	117.60	115.24	110.15	95.01	99.68	112.93	115.43
11	117.13	108.88	117.60	115.24	109.97	94.86	99.36	112.93	115.43
5	117.09	108.88	117.60	115.04	109.97	94.71	99.04	112.75	115.63
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43
22	117.05	108.34	117.20	114.66	109.60	94.26	98.73	112.37	115.24
15	117.05	108.16	117.20	114.66	109.42	93.82	98.41	112.19	115.04
8	117.02	107.62	116.80	114.08	109.06	92.93	97.62	112.00	114.66
1 Exchange Closed									
High 1943	118.37	109.97	118.20	115.63	110.70	97.16	101.47	113.31	115.82
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago									
May 4, 1942	117.86	106.74	116.22	113.12	107.44	92.20	96.69	110.70	113.70
2 Years ago									
May 3, 1941	118.64	106.56	117.00	113.12	106.92	91.48	97.00	110.52	112.75

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate rate	Corporate by Ratings				Corporate by Groups		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus
May 4	1.98	3.17	2.74	2.88	3.14	3.93	3.66	3.01	2.86
3	1.98	3.18	2.75	2.88	3.14	3.93	3.66	3.00	2.86
1	1.98	3.18	2.75	2.88	3.14	3.94	3.67	3.00	2.87
Apr. 30	1.98	3.18	2.75	2.88	3.15	3.94	3.67	3.00	2.87
29	1.99	3.18	2.75	2.88	3.14	3.94	3.67	3.01	2.86
28	1.99	3.18	2.75	2.88	3.14	3.95	3.69	3.00	2.86
27	1.99	3.19	2.75	2.89	3.14	3.96	3.69	3.01	2.87
26	1.99	3.18	2.75	2.88	3.14	3.96	3.69	3.01	2.87
24	1.99	3.18	2.75	2.88	3.14	3.96	3.68	3.00	2.87
23	STOCK EXCHANGE CLOSED								
22	1.99	3.19	2.75	2.88	3.15	3.96	3.69	3.00	2.86
21	1.99	3.19	2.76	2.88	3.15	3.97	3.69	3.01	2.87
20	1.99	3.19	2.75	2.88	3.14	3.97	3.70	3.01	2.86
19	1.99	3.19	2.76	2.88	3.14	3.96	3.69	3.01	2.86
17	2.00	3.19	2.76	2.88	3.14	3.97	3.69	3.01	2.86
16	2.00	3.19	2.76	2.88	3.14	3.98	3.70	3.01	2.87
15	2.01	3.19	2.76	2.89	3.14	3.97	3.69	3.01	2.87
14	2.02	3.19	2.76	2.89	3.14	3.98	3.70	3.01	2.87
13	2.03	3.20	2.76	2.89	3.14	3.99	3.71	3.01	2.87
12	2.04	3.19	2.76	2.89	3.14	3.98	3.70	3.01	2.87
10	2.04	3.19	2.76	2.89	3.14	3.97	3.70	3.01	2.87
9	2.04	3.19	2.76	2.89	3.14	3.96	3.69	3.00	2.87
8	2.04	3.18	2.75	2.88	3.14	3.95	3.68	3.00	2.86
7	2.05	3.18	2.76	2.88	3.14	3.95	3.68	3.00	2.86
6	2.05	3.18	2.76	2.88	3.14	3.95	3.68	3.00	2.86
5	2.04	3.18	2.76	2.88	3.14	3.95	3.68	3.00	2.86
Mar. 26	2.08	3.19	2.76	2.88	3.14	3.99	3.71	3.00	2.87
19	2.07	3.20	2.77	2.88	3.14	4.01	3.73	3.00	2.87
12	2.07	3.21	2.77	2.88	3.15	4.02	3.74	3.01	2.88
5	2.07	3.20	2.76	2.88	3.15	4.02	3.74	3.00	2.88
Feb 26	2.06	3.21	2.77	2.88	3.16	4.04	3.75	3.01	2.88
19	2.06	3.22	2.77	2.89	3.16	4.07	3.77	3.01	2.88
11	2.06	3.23	2.77	2.89	3.17	4.08	3.79	3.01	2.88
5	2.06	3.23	2.77	2.90	3.17	4.09	3.81	3.02	2.87
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
22	2.06	3.26	2.79	2.92	3.19	4.12	3.83	3.04	2.89
15	2.06	3.27	2.79	2.92	3.20	4.15	3.85	3.05	2.90
8	2.07	3.30	2.81	2.95	3.22	4.21	3.90	3.06	2.92
1 Exchange Closed									
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.98	3.17	2.74	2.87	3.13	3.93	3.66	2.99	2.86
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago									
May 4, 1942	1.98	3.35	2.84	3.00	3.31	4.26	3.96	3.13	2.97
2 Years ago									
May 3, 1941	1.93	3.36	2.80	3.00	3.34	4.31	3.94	3.14	3.02

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Factory Workers' Hours And Earnings In Feb. Showed Increase, Labor Department Reports

The average hours worked in February in all manufacturing were 44.5, indicating a scheduled work week of more than 46 hours, Secretary of Labor Perkins reported on April 15. "The durable goods industries, in which most of the war goods production is concentrated, continued to schedule a work week above the 48-hour minimum and averaged 46.2 hours per week, 0.7% above January," she said.

Secretary Perkins further stated:

"The average hours worked in all manufacturing were 5% above February, 1942 and 10% above February, 1941. The increase between February, 1941 and February, 1942 was primarily the result of longer working hours in the durable-goods group of industries, while the increase over the past year reflected both the lengthened work-week in the non-durable-goods industries and to a slightly lesser degree in the durable-goods industries.

"The work-week in the durable-goods industries averaged 4.4 hours more in February, 1943 than in February of 1941, 2.7 hours of which were gained between February, 1941 and February, 1942, while 1.7 hours were gained between February, 1942 and last February. On the other hand, of the 3.6 hours increase in the work-week in the non-durable-goods industries only 1.3 hours were gained between February, 1941-1942 and 2.3 were gained over the past year.

"Among the 49 durable-goods industries, 30 industries reported 46 or more hours per week and 12 of these averaged 48 or more hours, indicating a scheduled work-week of at least 50 hours. Despite a decrease of 0.8% since January and a decrease of 5.4% since February, 1942 the machine tool industry averaged the longest work-week, 52.1 hours.

"All but three of the non-durable-goods industries had a longer work-week in February, 1943 than in February, 1942. The greatest increase, 19%, was in the rubber tire and tube industry which averaged 44.9 hours.

"Of the 13 non-manufacturing industries for which man-hour information is available only two, hotels and metalliferous mining, showed declines over the year. Each of the components of the metalliferous group had lower hours in February, 1943 than in February, 1942. In anthracite mining the hours worked, 41.5, were 22.3% longer than in February, 1942, while in bituminous coal mining the hours worked were 37.3, 6.5% above last year. The two coal mining industries measure time spent at the face of the coal rather than time after reporting for work at the mine and, therefore, the hours worked in coal mining should not be compared with time worked in manufacturing industries.

"Hourly earnings in February, including overtime premiums and shift differentials averaged 92.4 cents in all manufacturing, only slightly above last month and 14.9% above last year. The average hourly earnings of 102.1 cents in the durable-goods industries were 14.2% above February, 1942, while the average of 77.4 cents in the non-durable was 12.1% above February of last year.

"All of the major non-manufacturing industry groups reported higher hourly earnings this month than in February, 1942 and all but three had higher earnings than in January, 1943.

"Weekly earnings averaged $47.17 in February in the industries of the durable-goods group or about 1% above the last month and 20% more than in February, 1942. In the industries of the non-durable-goods group, weekly earnings averaged $32.51, 1.5% above the preceding month and 18.7% above last year. For all manufacturing industries there was a 22.3% increase in weekly earnings over the year. Only two of the non-manufacturing industries showed increases above 25% over the year. These were anthracite mining which increased 32.2% and bituminous coal mining which increased 26.0%."

Moody's Daily Commodity Index

Tuesday, April 27	246.2
Wednesday, April 28	246.6
Thursday, April 29	246.2
Friday, April 30	246.1
Saturday, May 1	245.8
Monday, May 3	246.7
Tuesday, May 4	246.5
Two weeks ago, April 20	247.2
Month ago, April 3	249.0
Year ago, May 4	231.7
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, April 1	249.8
Low, Jan. 2	240.2

Daily Average Crude Oil Production For Week Ended April 24, 1943 Increased 300 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended April 24, 1943 was 3,912,600 barrels, an increase of 300 barrels per day over the preceding week, and 273,500 barrels per day higher than in the corresponding period last year. The current figure, however, was 331,250 barrels below the daily average figure recommended by the Petroleum Administration for War for the month of April, 1943. Daily output for the four weeks ended April 24, 1943 averaged 3,925,450 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 3,737,000 barrels of crude oil daily and produced 10,583,000 barrels of gasoline; 3,954,000 barrels of distillate fuel oil, and 8,168,000 barrels of residual fuel oil during the week ended April 24, 1943; and had in storage at the end of that week 91,114,000 barrels of gasoline; 31,142,000 barrels of distillate fuels and 67,455,000 barrels of residual fuel oils. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations April	*State Allowables Begin. April 1	Actual Production Week Ended April 24, 1943	Change from Previous Week	4 Weeks Ended April 24, 1943	Week Ended April 25, 1942
Oklahoma	379,300	379,300	†341,450	+1,600	342,350	400,750
Kansas	309,900	309,900	†318,800	+8,500	313,300	253,200
Nebraska	2,600	------	†2,200	+ 50	2,200	2,900
Panhandle Texas			91,000	----	90,400	90,050
North Texas			134,950	----	135,450	147,550
West Texas			214,450	+ 50	215,300	190,200
East Central Texas			99,700	----	99,700	79,450
East Texas			319,800	----	320,700	225,850
Southwest Texas			188,500	----	184,750	156,900
Coastal Texas			340,750	+ 100	343,650	228,550
Total Texas	1,502,000	‡1,500,342	1,389,150	+ 150	1,389,950	1,118,550
North Louisiana			88,400	+ 100	88,700	77,700
Coastal Louisiana			257,900	----	256,100	239,850
Total Louisiana	359,300	379,300	346,300	+ 100	344,800	317,550
Arkansas	78,600	73,789	72,200	+ 550	71,450	73,500
Mississippi	50,000		53,650	--3,100	54,950	94,700
Illinois	251,900		225,250	+4,200	237,750	298,800
Indiana	16,000		12,300	—1,950	14,600	18,600
Eastern (not incl. Ill. and Indiana)	94,300		75,700	—1,150	77,650	87,500
Kentucky	20,000		21,150	— 50	21,150	11,200
Michigan	63,700		57,100	—2,300	58,350	60,800
Wyoming	97,100		92,300	+ 100	91,250	93,600
Montana	24,600		20,250	----	19,650	21,600
Colorado	7,400		6,850	+ 400	6,500	5,300
New Mexico	105,700	105,700	97,250	----	96,050	79,400
Total East of Calif.	3,362,400		3,131,900	+7,100	3,141,950	2,938,950
California	823,700	§823,700	780,700	—6,800	783,500	542,400
Total United States	4,186,100		3,912,600	¶+ 300	3,925,450	3,581,350

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in January, 1943, as follows: Oklahoma, 27,900; Kansas, 5,800; Texas, 101,100; Louisiana, 19,800; Arkansas, 2,500; Illinois, 10,300; Eastern (not including Illinois, Indiana or Kentucky), 9,500; Kentucky, 3,100; Michigan, 100; Wyoming, 2,300; Montana, 400; New Mexico, 5,700; California, 42,500.

†Oklahoma, Kansas, Nebraska figures are for week ended 7 a.m. April 21.

‡This is the net basic allowable as of April 1 calculated on a 30-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 15 days, the entire state was ordered shut down for 11 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 11 days shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

¶Revised due to receipt of more complete information on Kentucky production.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED APRIL 24, 1943

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are ——therefore on a Bureau of Mines basis——

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,444	88.7	1,667	68.2	4,873	38,932	13,879	10,235
Appalachian	177	84.8	159	89.8	419	2,576	799	452
Ind., Ill., Ky.	811	85.0	709	87.4	2,161	19,326	3,433	2,565
Okla., Kansas, Mo.	416	80.1	350	84.1	1,057	7,044	1,616	1,395
Rocky Mountain	147	48.0	99	67.3	326	2,089	347	510
California	817	89.9	753	92.2	1,747	21,147	11,068	52,298
Tot. U. S. B. of M. basis April 24, 1943	4,812	86.2	3,737	77.7	10,583	†91,114	31,142	67,455
Tot. U. S. B. of M. basis April 17, 1943	4,812	86.2	3,672	76.3	10,370	92,121	30,926	67,007
U. S. Bur. of Mines basis April 25, 1942			3,500		10,542	103,359	28,407	80,374

*At the request of the Petroleum Administration for War. †Finished, 80,918,000 barrels; unfinished, 10,196,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 3,954,000 barrels of gas oil and distillate fuel oil and 8,168,000 barrels of residual fuel oil produced in the week ended April 24, 1943, which compares with 3,911,000 barrels and 7,937,000 barrels, respectively, in the preceding week, and 3,267,000 barrels and 6,869,000 barrels, respectively, in the week ended April 25, 1942.

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of bituminous coal for the week ended April 24 was estimated at 11,775,000 net tons, a decrease of 240,000 tons, or 2%, from the preceding week. This is the first time output has fallen below the 12,000,000-ton mark in any full-time week since Feb. 6. Output in the same week a year ago amounted to 11,335,000 tons. For the current year to April 24, production of bituminous coal was 7.2% in excess of that for the corresponding period in 1942.

The U. S. Bureau of Mines estimated that the output of Pennsylvania anthracite for the week ended April 24 was 1,135,000 tons, a decrease of 233,000 tons, or 17%, from the preceding week. When compared with the production in the same week of last year, there was a decrease of 154,000 tons, or 11.9%.

The U. S. Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended April 24 showed a decrease of 7,600 tons when compared with the output for the week ended April 17. The quantity of coke from beehive ovens increased 5,600 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL, WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

In Net Tons (000 omitted)

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	Apr. 24 1943	†Apr. 17 1943	Apr. 25 1942	‡Apr. 24 1943	Apr. 25 1942	Apr. 24 1937
Total, incl. mine fuel	11,775	12,015	11,335	194,310	181,336	155,828
Daily average	1,963	2,003	1,889	2,014	1,866	1,622
*Crude Petroleum— Coal equivalent of weekly output	6,267	6,258	5,737	101,487	102,568	86,819

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B. t. u. per barrel of oil and 13,100 B. t. u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook, Review of 1940, page 775). †Revised. ‡Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	§Apr. 24 1943	Apr. 17 1943	Apr. 25 1942	Apr. 24 1943	Apr. 25 1942	Apr. 27 1929
*Total, incl. colliery fuel	1,135,000	1,368,000	1,289,000	19,938,000	18,522,000	23,918,000
†Commercial production	1,090,000	1,313,000	¶1,237,000	19,140,000	¶17,781,000	22,196,000
Beehive coke— United States total	167,100	161,500	161,200	2,614,000	2,460,000	2,022,300
By-product coke— United States total	1,224,500	1,232,100	1,169,600	19,883,300	19,212,700	‡

*Includes washery and dredge coal and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					
State—	Apr. 17 1943	Apr. 10 1943	Apr. 18 1942	Apr. 19 1941	Apr. 17 1937	April Avge. ¶1923
Alabama	379	377	374	42	22	412
Alaska	6	6	6	5	3	**
Arkansas and Oklahoma	66	74	52	8	5	70
Colorado	140	135	119	62	55	184
Georgia and North Carolina	1	1	1	1	††	**
Illinois	1,471	1,539	1,163	226	513	1,471
Indiana	502	553	462	29	175	514
Iowa	49	50	52	32	22	100
Kansas and Missouri	174	161	147	85	35	138
Kentucky—Eastern	934	983	964	27	720	620
Kentucky—Western	319	307	216	324	75	188
Maryland	38	42	43	4	22	52
Michigan	7	10	3	5	3	22
Montana (bituminous and lignite)	93	81	67	39	29	42
New Mexico	38	40	30	20	30	59
North and South Dakota (lignite)	26	34	31	17	20	**16
Ohio	689	737	700	70	296	766
Pennsylvania (bituminous)	2,880	2,983	2,893	19	1,918	3,531
Tennessee	145	150	160	27	47	121
Texas (bituminous and lignite)	5	6	5	6	16	20
Utah	136	130	76	1	36	70
Virginia	426	437	412	59	165	249
Washington	29	25	48	28	26	35
*West Virginia—Southern	2,377	2,372	2,260	6	1,560	1,256
†West Virginia—Northern	913	988	922	53	525	773
Wyoming	171	178	120	109	62	116
‡Other Western States	1	1	1	1	††	**6
Total bituminous and lignite	12,015	12,400	11,327	1,305	6,380	10,836
§Pennsylvania anthracite	1,368	1,362	1,318	611	1,653	1,974
Total all coal	13,383	13,762	12,645	1,916	8,033	12,810

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1,000 tons.

Green Says Freedom Of Enterprise Is Economic Freedom Jealously Guarded By Workers

William Green, President of the American Federation of Labor, in discussing the future of the freedom of enterprise before the annual meeting of the Chamber of Commerce of the United States in New York City, said on April 27 that "this freedom of enterprise is not the sole prerogative of the owners and managers of industry" but "is a freedom shared and jealously guarded by every American worker and farmer."

Mr. Green further declared that "it is an economic freedom—the freedom of opportunity—which is just as important and just as basic in the hearts of American citizens as their political and religious freedoms."

In presenting a few plain facts in behalf of 6,000,000 members of the A. F. of L., Mr. Green stated:

"We believe sincerely in free enterprise. We recognize the right to own and manage private property. We concede that the owners and managers of private industry and farms are entitled to a fair profit. We of the American Federation of Labor have no intention or desire to abridge, appropriate or interfere with the functions or prerogatives of management.

"At the same time, we ask that private industry acknowledge labor's equal right to free enterprise. We ask that management recognize the right of workers to organize into free and democratic trade unions of their own choosing. We ask that the owners and managers of private industry agree to bargain collectively with these trade unions representing their workers. We ask that management disavow any intention or desire to control, destroy or dominate the trade unions of their workers. And, finally, we ask that the right of workers to secure for themselves wages and conditions commensurate with American standards of living be assured.

"If we can reach a national understanding on these principles—a clear-cut, honest and sincere agreement to make these principles the rules of the game and to abide by them—then we can tackle the difficulties and responsibilities of post-war reconstruction with every assurance of success.

"Just as industry resists undue government interference with the operation of its everyday affairs, organized labor likewise resents undue government intervention in the free enterprise of the trade-union movement. To my way of thinking, the sooner we can return the operations of government to their normal and necessary sphere, the better for our American democracy. We can hasten this process when conflicts between management and labor are banished and harmonious, cooperative relationships become the rule.

"As the representative of six million American workers, I hereby give you my solemn pledge that labor will go more than half way toward a meeting of minds and unity of action. We are ready to work with you and serve with you and sacrifice with you, come what may, for democracy's inevitable victory and for the ultimate triumph of free enterprise."

Lend-Lease Aid To Africa Valued At $26,250,000

E. R. Stettinius, Jr., Lend-Lease Administrator, announced on April 19 that in the first four months of United Nations' occupation of North Africa the United States shipped 126,184 tons of food, clothing, medicines and other civilian necessities, worth $26,250,000, to rehabilitate the local civilian population.

Mr. Stettinius further estimated that $50,000,000 worth of lend-lease supplies will be delivered by June 30.

In addition to these supplies from the United States, Great Britain, it is stated, has sent in more than 350,000 tons of coal for North Africa's railroads and industries and lesser amounts of other civilian supplies.

Shipments of textiles, flour, sugar, clothing, tea and other agricultural products and seeds lead. Mr. Stettinius's statement added:

"Most lend-lease civilian supplies sent to North Africa, as well as supplies sent by Great Britain are distributed through commercial channels. In return, the United States will receive either francs with which to pay for raw materials and other supplies from North Africa or the supplies themselves. A small proportion of the lend-lease supplies, especially milk for children, is distributed direct to the people by the Office of Foreign Relief and Rehabilitation Operations through American Red Cross and other personnel.

"Generally the problem in North Africa has been that the people had francs with which to buy food and clothing but the Germans had left nothing for them to buy with their money.

"It is hoped with the aid of lend-lease supplies that North African farm production can be increased so that many of the food requirements of American and British forces in this area can be supplied locally."

Burke Named OPA Counsel

Price Administrator Prentiss M. Brown announced on April 19 the appointment of George J. Burke of Ann Arbor, Mich., as General Counsel of the Office of Price Administration, succeeding David Ginsburg, who resigned recently. Mr. Burke, in assuming his new duties, said he would work toward a "further and continuing simplification" of OPA regulations, and extension to local war price and rationing boards of a "fuller degree of authority in keeping with their responsibilities."

Trading On New York Exchanges

The Securities and Exchange Commission made public May 1 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended April 17, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended April 17 (in round-lot transactions) totaled 2,714,760 shares, which amount was 19.15% of the total transactions on the Exchange of 7,087,690 shares. This compares with member trading during the week ended April 10 of 4,787,643 shares or 17.05% of total trading of 14,039,040 shares. On the New York Curb Exchange, member trading during the week ended April 17 amounted to 423,985 shares, or 15.15% of the total volume of that Exchange of 1,398,805 shares; during the April 10 week trading for the account of Curb members of 911,475 shares was 17.39% of total trading of 2,621,280 shares.

The Commission made available the following data for the week ended April 17.

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	943	683
1. Reports showing transactions as specialists	171	76
2. Reports showing other transactions initiated on the floor	205	50
3. Reports showing other transactions initiated off the floor	234	81
4. Reports showing no transactions	448	480

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED APRIL 17, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	205,420	
‡Other sales	6,882,270	
Total sales	7,087,690	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	646,270	
Short sales	90,580	
‡Other sales	656,050	
Total sales	746,630	9.82
2. Other transactions initiated on the floor—		
Total purchases	424,940	
Short sales	33,200	
‡Other sales	398,000	
Total sales	431,200	6.04
3. Other transactions initiated off the floor—		
Total purchases	235,480	
Short sales	22,090	
‡Other sales	208,150	
Total sales	230,240	3.29
4. Total—		
Total purchases	1,306,690	
Short sales	145,870	
‡Other sales	1,262,200	
Total sales	1,408,070	19.15

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED APRIL 17, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	9,195	
‡Other sales	1,389,610	
Total sales	1,398,805	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	126,065	
Short sales	5,580	
‡Other sales	120,670	
Total sales	126,250	9.02
2. Other transactions initiated on the floor—		
Total purchases	45,420	
Short sales	1,500	
‡Other sales	50,800	
Total sales	52,300	3.49
3. Other transactions initiated off the floor—		
Total purchases	30,570	
Short sales	1,600	
‡Other sales	41,780	
Total sales	43,380	2.64
4. Total—		
Total purchases	202,055	
Short sales	8,680	
‡Other sales	213,250	
Total sales	221,930	15.15
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	46,384	
Total purchases	46,384	
Total sales	40,810	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Engineering Construction In Continental U. S. $47,100,000 For Week

Civil engineering construction volume in continental U. S. for the week totals $47,100,000. This volume, not including the construction by military combat engineers, American contracts outside the country, and shipbuilding, is 43% lower than in the preceding week, and 74% below the corresponding 1942 week's total as reported by "Engineering News-Record" on April 29. Private work tops a week ago by 27%, but is 45% under a year ago. Public construction is 47 and 76% lower, respectively, than last week and last year. The report continued:

The current week's construction brings 1943 volume to $1,218,109,000, an average of $71,653,000 for each of the seventeen weeks. On the weekly average basis, 1943 volume is 55% lower than the $2,891,784,000 reported for the eighteen-week period a year ago. Private construction, $127,752,000, is 46% below last year, and public work, $1,090,357,000, is 56% lower when adjusted for the difference in the number of weeks. State and municipal work, and Federal volume, are 75 and 54.5% under their respective 1942 totals.

Construction volumes for the 1942 week, last week, and the current week are:

	Apr. 30, 1942	Apr. 22, 1943	Apr. 29, 1943
Total U. S. Construction	$182,270,000	$83,165,000	$47,100,000
Private Construction	8,304,000	3,616,000	4,605,000
Public Construction	173,966,000	79,549,000	42,495,000
State and Municipal	11,318,000	1,920,000	5,306,000
Federal	162,648,000	77,629,000	37,189,000

In the classified construction groups, gains over last week are in waterworks, sewerage, bridges, industrial buildings, earthwork and drainage, and streets and roads. Increases over the 1942 week are in bridges, and earthwork and drainage. Subtotals for the week in each class of construction are: waterworks, $1,665,000; sewerage, $285,000; bridges, $980,000; industrial buildings, $2,490,000; commercial buildings, $1,845,000; public buildings, $25,350,000; earthwork and drainage, $1,830,000; streets and roads, $4,443,000, and unclassified construction, $8,212,000.

New capital for construction purposes for the week totals $10,434,000. It is made up of $3,434,000 in State and municipal bond sales, and $7,000,000 in RFC loans for private industrial expansion.

New construction financing for the year to date, $479,279,000, compares with $2,458,821,000 reported for the eighteen-week period a year ago.

Non-Ferrous Metals—Supply For Ordinary Civilian Needs Gloomy—Lead Sales Smaller

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of April 29, stated: "Fabricators of copper and zinc interested in the civilian supply needs of the country see nothing on the horizon that points toward larger allotments of these metals for non-essential uses. The latest 'critical' materials list of WPB, issued last week, continues to classify both items as among those that are insufficient in supply either for war demands alone or for war plus essential civilian demands. Osmium, rhodium, columbium, and metallic calcium have been placed among the 'most critical' commodities. Zinc allocations for May are in the mail. Lead sales, as expected, were smaller last week. There were no price changes in major metals." The publication further went on to say in part:

Copper

"The position of copper has not changed during the last week. Producers were busy arranging for the movement of the large tonnages allocated for May. Domestic copper continued at 12¢, Valley. Foreign copper was absorbed by Metals Reserve on the basis of 11.75¢, f.a.s. United States ports.

"Mount Isa, operating in Australia as a large lead-zinc producer, may also become an important producer of copper in the future, according to F. H. Brownell, Chairman of A. S. & R. Co.

"The Buick division of General Motors has put 75-mm. steel shell cases into mass production in one of its plants. Production has been under way for several months, H. H. Curtice, General Manager of the division, stated last week, with volume increasing daily. He referred to the process as 'one of the toughest jobs in the history of military production.'

Zinc

"Allocation certificates for zinc for May went into the mail in Washington on April 28. The industry looks for no relaxation in the Government's view of the supply outlook. All surplus metal is still being earmarked for the stockpile. Some observers regard the High Grade situation as much better than at the turn of the year. The call for Lend-Lease zinc has been smaller.

"The quotation for Prime Western continued on the basis of 8¼¢, East St. Louis.

Lead

"With the current month's business virtually out of the way, and consumers well on the road to full coverage for May, the market for lead was inactive last week so far as new bookings were concerned. The trade believes that actual consumption of lead has increased since the beginning of this year, but with supplies regarded as ample, further gains in use of the metal would be most acceptable. WPB, in its latest listing of critical materials, issued last week, retained lead in Group III, indicating that the metal is in sufficient supply for use as a substitute for more critical materials.

"Mexican properties of the American Smelting & Refining Co. are producing satisfactorily, F. H. Brownell, Chairman, announced at the annual meeting of the company. The Mexican Government, he said, is cooperating fully with the Government of the United States, and, in his opinion, the situation in that country now is better than before 1912.

Tin

"The joint United States-Bolivian Commission of labor experts, in its report to the Bolivian authorities, did not touch on the subject of adequacy of present tin prices nor did it make any recommendations for a revision of contracts, according to reports from La Paz. Rumors in New York had it that a higher price would be suggested with a view toward contributing funds to improve labor conditions of all classes of workers in that country.

"The price situation in tin remains unchanged. Straits quality metal for shipment, cents per pound, was as follows:

	April	May	June
April 22	52.000	52.000	52.000
April 23	52.000	52.000	52.000
April 24	52.000	52.000	52.000
April 26	52.000	52.000	52.000
April 27	52.000	52.000	52.000
April 28	52.000	52.000	52.000

"Chinese tin 99% grade, continued at 51.125¢ a pound.

Quicksilver

"In report No. 8 on critical materials, issued by the War Production Board during the last week, quicksilver was retained in the second classification, which covers commodities that are in sufficient supply for war and essential civilian products. Production on the Pacific Coast from now on is expected to show a seasonal gain. Demand for quicksilver for war purposes remains high. With Metals Reserve taking all surplus material offered to it by either domestic or foreign producers, the marketing problem amounts to next to nothing. Quotations in New York continued at $196@$198 per flask.

Silver

"During the past week the silver market in London has been quiet, with the price unchanged at 23½d.

"The New York Official and the Treasury prices are unchanged at 44¾¢ and 35¢, respectively.

"Silver production from domestic mines (in terms of recoverable metal) was 3,515,130 ounces in February, which compares with 3,759,671 ounces (revised) in January, according to the Bureau of Mines. Average monthly production of silver for 1942 was 4,574,044 ounces. The Bureau's figures include Alaska."

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" as of July 31, 1942, page 380.

Canadian Business Continues At High Level

The Bank of Montreal in its "Business Summary" dated April 22, reports as follows:

"Manufacturing production rose nearly 27% in the first two months of the year as compared with a year ago, with special gains in flour milling, the output of creamery butter and the release of cigars and cigarettes. The number of persons employed, as of Feb. 1, showed an increase of about 10% over the same date last year. Payroll distribution increased from $45,747,000 to $54,347,000. Newsprint mill operations showed little change as between February and March, the production ratio declining from 64.9% to 64.2% of capacity and shipments from 65.1% to 64.6% of capacity. Official February figures revealed a 1.1% gain in the production of steel ingots and castings by Canadian plants as compared with February, 1942, but the output of pig iron declined 17.1% in the first two months of the year. In the field of mining, there is a high scale of production in the mines which are producing base metals such as copper, nickel and lead, required for war purposes, but the gold mines are now feeling acutely the consequences of withdrawals of labor and inability to replace worn-out equipment. In March, receipts of gold at the Mint fell to 279,282 ounces, as compared with 323,100 ounces in February and 377,109 ounces in March, 1942. The construction industry experienced a considerable recession in March, the value of new contracts awarded being $11,110,000, as compared with $19,019,000 in February and $17,850,000 in March, 1942."

Revenue Freight Car Loadings During Week Ended April 24, 1943, Increased 13,286 Cars

Loading of revenue freight for the week ended April 24, 1943 totaled 794,194 cars, the Association of American Railroads announced on April 29. This was a decrease below the corresponding week of 1942, of 67,163 cars, or 7.8%, but an increase above the same week in 1941, of 72,567 cars or 10.1%.

Loading of revenue freight for the week of April 24 increased 13,286 cars, or 1.7% above the preceding week.

Miscellaneous freight loading totaled 377,173 cars, an increase of 279 cars above the preceding week, but a decrease of 5,258 cars below the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 98,566 cars, an increase of 281 cars above the preceding week, but a decrease of 25,020 cars below the corresponding week in 1942.

Coal loading amounted to 164,978 cars, a decrease of 5,046 cars below the preceding week, and a decrease of 4,684 cars below the corresponding week in 1942.

Grain and grain products loading totaled 45,216 cars, an increase of 2,627 cars above the preceding week, and an increase of 9,539 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of April 24 totaled 30,932 cars, an increase of 1,839 cars above the preceding week and an increase of 8,632 cars above the corresponding week in 1942.

Livestock loading amounted to 15,156 cars, an increase of two cars above the preceding week, and an increase of 1,371 cars above the corresponding week in 1942. In the Western Districts alone, loading of livestock for the week of April 24 totaled 11,795 cars, a decrease of 332 cars below the preceding week, but an increase of 1,301 cars above the corresponding week in 1942.

Forest products loading totaled 43,189 cars, an increase of 1,788 cars above the preceding week, but a decrease of 8,071 cars below the corresponding week in 1942.

Ore loading amounted to 35,383 cars, an increase of 13,754 cars above the preceding week, but an decrease of 35,528 cars below the corresponding week in 1942.

Coke loading amounted to 14,533 cars, a decrease of 399 cars below the preceding week, but an increase of 488 cars above the corresponding week in 1942.

All districts reported decreases compared with the corresponding week in 1942, except the Centralwestern and Southwestern, but all districts reported increases above the corresponding week in 1941 except Eastern and Northwestern.

	1943	1942	1941
5 weeks of January	3,530,849	3,858,479	3,454,409
4 weeks of February	3,055,640	3,122,942	2,866,565
4 weeks of March	3,073,426	3,174,781	3,066,011
Week of April 3	772,133	829,038	683,402
Week of April 10	789,018	814,096	679,808
Week of April 17	780,908	846,505	708,793
Week of April 24	794,194	861,357	721,627
Total	12,796,168	13,507,198	12,180,615

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended April 24, 1943. During this period only 40 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS)—WEEK ENDED APRIL 24

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Eastern District—					
Ann Arbor	311	540	526	1,714	1,388
Bangor & Aroostook	1,252	2,023	1,440	298	274
Boston & Maine	5.960	7.395	8,799	14.353	16,683
Chicago, Indianapolis & Louisville	1,697	1,420	1,029	2,014	2,050
Central Indiana	43	34	18	50	67
Central Vermont	1,053	1,144	1,404	2,140	2,352
Delaware & Hudson	6.502	7.045	5,077	11.836	13.163
Delaware, Lackawanna & Western	7.255	8,544	8,191	12,448	9.581
Detroit & Mackinac	246	292	253	115	141
Detroit, Toledo & Ironton	1,729	1,831	2.976	1.557	1,375
Detroit & Toledo Shore Line	344	320	393	2,807	3,440
Erie	11.954	14.933	15,778	18.973	16.821
Grand Trunk Western	3,684	4,233	6,503	8,956	8.454
Lehigh & Hudson River	239	221	315	3,167	3,689
Lehigh & New England	1,591	2,351	1.795	1,716	2 029
Lehigh Valley	6,707	9.639	8 687	14.777	12,965
Maine Central	2.091	2,550	3,049	2,690	3,889
Monongahela	6,645	6,837	275	421	361
Montour	2,480	2,354	111	34	54
New York Central Lines	52.137	49,620	47,459	51,822	56.054
N. Y., N. H. & Hartford	9,744	11,446	11.527	18.395	20.894
New York, Ontario & Western	1,015	962	1.065	2 316	3 335
New York, Chicago & St. Louis	6,522	7,336	6.553	16.113	15,340
N. Y., Susquehanna & Western	511	541	453	1,748	1,405
Pittsburgh & Lake Erie	7,777	8,799	6.873	8 340	9.326
Pere Marquette	4,696	5,808	7,030	7,904	6,315
Pittsburg & Shawmut	739	774	70	30	61
Pittsburg, Shawmut & North	333	485	217	231	367
Pittsburgh & West Virginia	1,005	1,146	365	2,628	2,929
Rutland	336	501	676	989	1,155
Wabash	5.453	5.385	6.430	12.171	12,457
Wheeling & Lake Erie	4,435	5,879	4.760	4,735	4,939
Total	156,426	172.388	160,102	227.488	233.353
Allegheny District—					
Akron, Canton & Youngstown	826	686	737	1.417	995
Baltimore & Ohio	40 338	42.486	30.647	29.520	27.879
Bessemer & Lake Erie	2,658	6,983	6,003	1,700	2,305
Buffalo Creek & Gauley	307	339	6	5	1
Cambria & Indiana	1.843	1,946	5	9	10
Central R. R. of New Jersey	6,856	8,605	6,769	20,887	20,664
Cornwall	637	670	673	105	63
Cumberland & Pennsylvania	247	303	58	13	19
Ligonier Valley	122	151	21	59	61
Long Island	1,225	874	794	3,793	3,622
Penn-Reading Seashore Lines	1,662	1,725	1,552	3,136	2 605
Pennsylvania System	77,433	85,142	68.663	65,143	65.274
Reading Co.	14,426	17,181	16.980	27,401	29.415
Union (Pittsburgh)	20.880	21,147	19.944	4,229	7,130
Western Maryland	4,008	4,052	2,114	12.786	13 092
Total	173,518	192.293	154.993	170,206	173,135
Pocahontas District—					
Chesapeake & Ohio	28,580	29,669	8,668	13,424	13,460
Norfolk & Western	22,363	23,858	7,545	7.169	7,113
Virginian	4,750	4.613	601	2,239	2,138
Total	55,693	58,140	16,814	22,832	22,711
Southern District—					
Alabama, Tennessee & Northern	268	410	335	374	326
Atl. & W. P.—W. R. R. of Ala.	738	928	884	2,341	2.300
Atlanta, Birmingham & Coast	711	792	703	1,533	1,134
Atlantic Coast Line	14,652	13,729	12,226	10,533	9,288
Central of Georgia	4,345	4,156	4,566	4.933	4,292
Charleston & Western Carolina	392	446	500	1,858	1,823
Clinchfield	1,545	1,800	1,610	3,062	2,793
Columbus & Greenville	310	399	258	174	215
Durham & Southern	128	173	203	414	964
Florida East Coast	2,684	1,949	1,107	2,367	1,427
Gainesville Midland	40	43	35	119	90
Georgia	1,334	1,428	1,093	2,441	2,647
Georgia & Florida	358	410	387	661	581
Gulf, Mobile & Ohio	3,859	4,504	3,618	4,671	3,917
Illinois Central System	26,428	29,493	22,580	16,959	15,560
Louisville & Nashville	24,242	27,688	15,485	11,396	10,911
Macon, Dublin & Savannah	210	169	177	983	785
Mississippi Central	218	182	142	537	490
Nashville, Chattanooga & St. L.	3,095	3,469	3,464	4,899	4,059
Norfolk Southern	1,101	1,450	1,481	1,483	1,808
Piedmont Northern	351	445	455	1,330	1,168
Richmond, Fred. & Potomac	406	603	391	10,490	10,676
Seaboard Air Line	11,083	11,624	10,682	8,592	7,384
Southern System	21,694	25,890	23,581	24,236	23,898
Tennessee Central	463	799	659	814	1,197
Winston-Salem Southbound	116	137	140	936	967
Total	120,771	133,116	106,762	118,136	110,700
Northwestern District—					
Chicago & North Western	18,337	22,651	21,781	12,456	12.795
Chicago Great Western	2,490	2,410	2,597	3,061	2.917
Chicago, Milw., St. P. & Pac.	20,002	19,976	19,818	10,666	9,331
Chicago, St. Paul, Minn. & Omaha	3,116	3,895	3,412	3,705	3,687
Duluth, Missabe & Iron Range	12,055	20,348	20,952	217	273
Duluth, South Shore & Atlantic	481	932	1,061	423	599
Elgin, Joliet & Eastern	8,285	10,050	9,854	10,352	11,003
Ft. Dodge, Des Moines & South	471	650	576	104	135
Great Northern	12,445	19,352	20,763	5,498	4,575
Green Bay & Western	442	549	572	837	755
Lake Superior & Ishpeming	422	2,662	4,417	27	67
Minneapolis & St. Louis	2,105	2,226	1,723	2.579	2,461
Minn., St. Paul & S. S. M.	5.214	6,565	7,183	2,957	3,002
Spokane International	9,122	10,212	9,869	5.513	4,658
Northern Pacific	*124	114	180	*704	408
Spokane, Portland & Seattle	2,160	2,781	2,610	3,572	3,019
Total	97.271	125,373	127,368	62,671	59,685
Central Western District—					
Atch., Top. & Santa Fe System	22,796	21,821	20,164	13,828	10,316
Alton	2,779	3,544	3,215	4,001	3,661
Bingham & Garfield	467	642	566	78	103
Chicago, Burlington & Quincy	17,544	15,446	14,214	12,474	10,115
Chicago & Illinois Midland	2,496	2,723	214	821	823
Chicago, Rock Island & Pacific	12,595	11.557	12,344	14.297	11 412
Chicago & Eastern Illinois	2,967	2,495	2,466	5.763	2.858
Colorado & Southern	700	692	744	2,052	1,530
Denver & Rio Grande Western	3,117	2,400	1.884	6.280	4,870
Denver & Salt Lake	619	320	262	6	12
Fort Worth & Denver City	945	965	1,055	2,261	818
Illinois Terminal	1.865	1,977	1,788	2.044	2,249
Missouri-Illinois	1,061	1,519	947	563	357
Nevada Northern	2,094	2,030	1,851	122	119
North Western Pacific	1,041	1,090	809	590	477
Peoria & Pekin Union	7	10	6	0	0
Southern Pacific (Pacific)	29,105	29,722	27,534	14,650	9.521
Toledo, Peoria & Western	387	295	448	1,680	1,228
Union Pacific System	13,277	14,750	14,292	15,907	12,034
Utah	601	477	16	0	9
Western Pacific	1,943	2,176	1,747	3,194	3.588
Total	118.406	116,651	106,566	100,611	76.100
Southwestern District—					
Burlington-Rock Island	863	130	124	239	161
Gulf Coast Lines	7,488	5,590	3,879	2,228	2,739
International-Great Northern	2,437	2,387	1,944	4.028	3,952
Kansas, Oklahoma & Gulf	351	220	175	1,002	903
Kansas City Southern	5.742	4.504	2,036	3.144	2,465
Louisiana & Arkansas	2.840	2,913	2,119	2.733	1,821
Litchfield & Madison	309	329	434	1,001	1,117
Midland Valley	657	643	408	299	289
Missouri & Arkansas	153	219	141	407	425
Missouri-Kansas-Texas Lines	6.385	5,367	3,851	5,968	3,951
Missouri Pacific	16,919	16,084	13,397	19,449	15,643
Quanah Acme & Pacific	89	77	86	317	164
St. Louis-San Francisco	8,379	8,121	6,900	8,282	7,640
St. Louis Southwestern	3,589	3,060	2,407	6,244	4,967
Texas & New Orleans	11,620	9,371	7,296	5,547	4,240
Texas & Pacific	4,187	4,206	3,661	7,304	5,266
Wichita Falls & Southern	81	138	148	19	39
Weatherford M. W. & N. W.	20	32	16	23	25
Total	72,109	63.396	49.022	68,234	55,807

*Previous week's figure.

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1943—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
Jan. 2	126,844	97,386	379,573	62	84
Jan. 9	134,982	129,365	381,713	82	82
Jan. 16	157,251	137,055	397,437	88	85
Jan. 23	143,028	140,849	398,594	88	86
Jan. 30	152,358	136,645	413,084	88	86
Feb. 6	169,417	140,836	439,304	89	87
Feb. 13	148,687	137,784	446,981	87	87
Feb. 20	141,435	142,932	445,982	91	88
Feb. 27	156,628	147,085	454,308	94	88
Mar. 6	175,178	147,830	480,802	93	89
Mar. 13	166,885	146,062	498,927	93	89
Mar. 20	155,116	149,096	504,414	92	90
Mar. 27	139,911	150,754	488,197	95	90
Apr. 3	172,412	153,030	511,220	95	90
Apr. 10	153,260	153,006	510,784	95	91
Apr. 17	164,805	152,494	515,700	96	92
Apr. 24	159,231	155,163	517,473	97	92

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on May 1 a summary for the week ended April 24 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended April 24, 1943

	Total for Week
Odd-Lot Sales by Dealers: (Customers' purchases)	
Number of Orders	15,527
Number of Shares	444.687
Dollar Value	15,211,448
Odd-Lot Purchases by Dealers—	
(Customers' Sales)	
Number of Orders:	
Customers' short sales	167
*Customers' other sales	15,803
Customers' total sales	15,970
Number of Shares:	
Customers' short sales	4,818
*Customers' other sales	421,388
Customers' total sales	426,206
Dollar value	12,745,051
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	110
†Other sales	99,330
Total sales	99,440
Round-Lot Purchases by Dealers—	
Number of shares	139,480

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement—Week Ended April 24, 1943

According to the National Lumber Manufacturers Association, lumber shipments of 457 mills reporting to the "National Lumber Trade Barometer" exceeded production by 9.9% for the week ended April 24, 1943. In the same week new orders of these mills were 13.2% greater than production. Unfilled order files in the reporting mills amounted to 95% of stocks. For reporting softwood mills, unfilled orders are equivalent to 38 days' production at the current rate, and gross stocks are equivalent to 37 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 16.6%; orders by 20.3%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 23.5% greater; shipments were 31.5% greater, and orders were 36.2% greater.

Cotton Spinning For March

The Bureau of the Census announced on April 20 that, according to preliminary figures, 23,544,788 cotton-spinning spindles were in place in the United States on March 31, 1943, of which 22,925,194 were operated at some time during the month, compared with 22,859,160 for February, 22,889,954 for January, 22,887,072 for December, 22,948,248 for November, 23,012,046 for October and 23,108,966 for March, 1942. The aggregate number of active spindle-hours reported for the month was 11,647,373,456. Based on an activity of 80 hours per week, the cotton spindles in the United States were operated during March, 1943, at 134.4% capacity. This percentage compares, on the same basis, with 135.9 for February, 138.8 for January, 127.9 for December, 133.4 for November, 136.9 for October and 134.3 for March, 1942. The average number of active spindle-hours per spindle in place for the month was 495.

Items About Banks, Trust Companies

Stockholders of the New York Trust Company at their special meeting on April 28 approved the proposal to increase the amount of the authorized capital stock of the company from $12,500,000, consisting of 500,000 shares of the par value of $25 per share, to $15,000,000, consisting of 600,000 shares of the par value of $25 per share.

The new stock was offered to stockholders of record at the close of business April 28 in the proportion of one share of new stock for each five shares held, at the price of $75 a share. From the proceeds, $25 per share will be credited to capital and $50 to surplus of the company. The new shares must be paid for before three o'clock on the afternoon of May 12, 1943. Transferable warrants issued to stockholders will be void after that time.

In making the announcement, John E. Bierwirth, President, said "The company has entered into an agreement with Morgan Stanley & Co. and associates for the underwriting of this offering, the underwriters obligating themselves severally to purchase at the aforesaid subscription price of $75 per share all shares not subscribed for by stockholders."

Previous reference to the increase was reported in our issue of April 29, page 1608.

James T. Lee, a Vice-President of the Chase National Bank of New York for the past 14 years, was on April 28 elected a member of the bank's board of directors. At the same time Mr. Lee resigned from the official staff of the bank in order to devote himself primarily to the executive responsibilities he has assumed recently as President of the Central Savings Bank, Broadway at 74th Street. Mr. Lee is well known as an authority in the field of real estate investment and management.

At the regular meeting of the Board of Directors of City Bank Farmers Trust Company of New York on May 4, Robert W. Dowling was elected a Director. Mr. Dowling is President of the City Investing Company and a trustee of Emigrant Industrial Savings Bank.

Allston E. Williams, retired Taunton, Mass., banker, died on April 26 at Palmer Memorial Hospital, Boston. Mr. Williams retired in January, 1942, as Vice-President, Treasurer and Trust Officer of the Bristol County Trust Co., Taunton, ending a career of more than 50 years in banking.

Edwin Sargent has been elected President of the North Arlington (N. J.) National Bank, succeeding the late Fred Klein. Mr. Sargent was formerly Vice-President. Elected to succeed him in this post was Peter J. Doherty.

The Pennsylvania Company for Insurances on Lives and Granting Annuities, Philadelphia, now has 126 officers and employees who have been associated with the company for 25 years or more, including Wm. Fulton Kurtz, company President, who was inducted recently into the Penco Quarter Century Club. Forty-seven other new members were admitted to the Club at the same dinner-meeting. The company's announcement says:

"Oldest in point of service is L. J. Clark, Vice-President in charge of the Corporate Trust Department, who has been with The Pennsylvania Company for 52 years, and next oldest with a record of 49 years is Arthur V. Morton, Vice-President and a member of the board. New officers of the Quarter Century Club are: George E. Katzenbach, President; H. G. Rheiner, Vice-President; H. E. Righter, Secretary, and H. R. Burgoyne, Treasurer."

The liquidating trustees of the National Bank of America at Pittsburgh announce that they are prepared to pay dividend No. 11 of 5% on the outstanding certificates of participation of the bank. Presentation of certificates, which is necessary for payment, began on April 28.

Advices from Cleveland, April 27, to the Chicago "Journal of Commerce" stated that the National City Bank of Cleveland has asked officers and directors of the Union Bank of Commerce to develop plans for a merger with National City which would give "full recognition to the asset values in this bank," Oscar L. Cox, President of Union, announced in a letter to the stockholders. The advices from which we quote added:

"Pointing out that the annual meeting of Union is to be held May 26, Mr. Cox told stockholders: 'In the meantime, we suggest that you carefully consider the matter before making any commitment or disposition of your stocks.'

"Earlier this month, on April 13, Union stockholders received a letter from the Central National Bank of Cleveland which also proposed a merger of the two banks.

"In his letter Mr. Cox said that directors and officers are now engaged in developing and weighing the 'relevant facts bearing on each of the various alternatives. None of them has any commitment to any particular course. As soon as recommendations are developed they will be promptly communicated to you.'"

The Toledo Trust Co., Toledo, Ohio, observed its 75th anniversary on May 1. The following regarding the bank's history was reported in the Toledo "Blade" of April 30:

"It was in May, 1868, that the Toledo Savings Institution—the city's first strictly savings bank, was incorporated. Six years later, on June 18, 1874, the Toledo Savings Bank & Trust Co. was established, and on Feb. 10, 1875, that bank and the Toledo Savings Institution were consolidated under the name of the former.

"Another consolidation on Dec. 31, 1923, linked this bank and the Summit Trust Co., which had begun operation July 1, 1918. The name was changed to Toledo Trust Co.

"This was followed by the merger on May 1, 1924, with the Northern National Bank, and on Oct. 1, 1924, with the Second National Bank. The latter had been operating as a commercial bank since 1864 and with a savings department since 1913.

"Assets of the Union Savings Bank were purchased on June 6, 1930, and in 1933 the West Toledo National Bank was absorbed into the Toledo Trust Co.

"'We are now Toledo's oldest commercial bank, maintain the oldest savings department and operate six offices,' said Harry E. Gail, Assistant Treasurer. He reported more than 100,000 depositors in savings, commercial, safe deposit and trust departments, with assets in excess of $180,000,000."

The University State Bank, Chicago, became a National bank on May 1 and changed its name to the University National Bank. The bank, which was organized in 1919, now has deposits of more than $10,000,000, capital stock of $300,000, surplus of $300,000, and undivided profits of $157,000. C. W. Hoff is President of the institution.

Stockholders of the Marshall & Ilsley Bank, Milwaukee, authorized on April 30 a $1,000,000 4% cumulative preferred stock issue—20,000 shares of a par value of $50. Sale of this stock to the public at $51.25 per share began on May 3 through an underwriting group of investment dealers headed by The Milwaukee Co. and participated in by The Wisconsin Co. and Loewi & Co.

The Marshall & Ilsley Bank, the oldest bank in the Northwest, has operated continuously for 96 years without merger or consolidation. The bank was incorporated in 1888 with a capital of $200,000. The new preferred stock issue, says the Milwaukee "Sentinel," brings its capital up to $3,000,000. Surplus, undivided profits and reserves are $1,979,542. The proceeds of the sale of the preferred stock will be used to retire $1,100,000 capital debentures, providing permanent capital to support deposit increase.

Horace Dunbar, Vice-President of Citizens National Trust & Savings Bank of Los Angeles for the past 13 years, and in charge of the new business and public relations departments, tendered his resignation effective April 30. A former attorney and newspaper editor, Mr. Dunbar was associated for many years with the agricultural and citrus fruit industries in southern California prior to joining the bank as Vice-President in 1930. He states that he will take an extended rest before announcing any future plans.

Allotments To Banks On 7/8% Certificates

Secretary of the Treasury Morgenthau announced on April 26 the final subscription and allotment figures with respect to subscriptions in the Second War Loan Drive from commercial banks for their own account for the current offering of 7/8% Treasury certificates of indebtedness of series B-1944. This security was available to commercial banks in the first three days of the drive, April 12, 13 and 14, with sales limited to around $2,000,000,000.

Subscriptions and allotments were divided among the several Federal Reserve Districts as follows:

Federal Reserve District	Total Subscriptions Received	Total Subscriptions Allotted
Boston	$489,336,000	$103,900,000
New York	3,534,739,000	664,791,000
Philadelphia	405.572,000	94,676,000
Cleveland	641,538,000	154,363,000
Richmond	419,912,000	101,568,000
Atlanta	555,870,000	131,860,000
Chicago	1,423,568,000	326,942,000
St. Louis	381,530,000	105,976,000
Minneapolis	184,296,000	65,196,000
Kansas City	344,751,000	100,044,000
Dallas	394.472,000	93,079,000
San Francisco	1,006,421,000	195,829,000
Total	$9,782,005,000	$2,138,224,000

Pay On Rio Grande 7s

Ladenburg, Thalmann & Co., as special agent, is notifying holders of State of Rio Grande do Sul (United States of Brazil) 40-year 7% sinking fund gold bonds, external loan of 1926, that funds have been deposited with it sufficient to make a payment, in lawful currency of the United States of America, of 17.50% of the face amount of the coupons due May 1, 1941, amounting to $6.12½ for each $35 coupon and $3.06¼ for each $17.50 coupon. From the announcement we also quote:

"Pursuant to the provisions of the Presidential Decree of the United States of Brazil, such payment, if accepted by the holders of the bonds and coupons, must be accepted in full payment of such coupons and of the claims for interest represented thereby.

"No present provision, the notice states, has been made for the coupons due Nov. 1, 1931, to Nov. 1, 1933, inclusive, but they should be retained for future adjustment."

Business Meeting Challenge Of War, Says Roosevelt, But Calls For More Teamwork

President Roosevelt, in a message to the United States Chamber of Commerce annual meeting in New York on April 29, said that "American business is meeting the challenge of war," but urged that "more cooperation, more teamwork and more production, all the way from the farms and mines through the assembly lines, will enable us to win the war more quickly."

The following is the President's message, addressed to Eric Johnston, President of the Chamber:

"Through you I wish to extend greetings to the business men of the nation as represented by members of the United States Chamber of Commerce, assembled in your annual meeting and War Council.

"Our form of government, based as it is on a system of free enterprise, is meeting successfully the challenge of the totalitarian governments. We are meeting the test because there is unity of purpose on the part of our people in all walks of life. In a democracy, difference of opinion as to methods of reaching an objective may be expected, but on the overall task of defeating the Axis powers there is united determination.

"Only by teamwork on the part of labor and management could we have reached the present high peak of production so essential to the successful prosecution of the war. Our factories are now turning out munitions of war which in quantity and effectiveness far exceed the expectations of our enemies when they decided to make war upon us and our way of life.

"But we are not satisfied. We must not be satisfied. More cooperation, more teamwork and more production, all the way from the farms and mines through the assembly lines, will enable us to win the war more quickly.

"The gains we are making in the production of war goods are the fruits of cooperation between management and employees in their devotion to a common cause. Members of the U. S. Chamber of Commerce may well be proud of the contribution they have made under your able leadership. I have had opportunity to know of and cause to appreciate that leadership.

"American business is meeting the challenge of war and meeting it in a way that brings comfort to our people, and fear to our enemies."

Panama Concessions Voted

The Senate passed on April 26, by a vote of 37 to 19, a joint resolution transferring to Panama certain United States properties and facilities in that country. The measure, which now goes to the White House, was approved by the House on April 13.

Senate approval came after opponents of the legislation, led by Senator Nye (Rep., N. D.), contended that the international agreement should have been in treaty form, which would have required a two-thirds vote of the Senate, rather than submitted by executive authority in the form of a resolution requiring only a majority vote of both branches of Congress.

An identical resolution was passed by the Senate at the last session of Congress (noted in these columns Dec. 17, page 2163) but was not acted upon by the House before adjournment.

The new resolution authorizes:

"1. Surrender to Panama of the American-owned water and sewage systems in Panama City and Colon, which otherwise would not revert to Panama until 1957.

"2. Transfer to Panama of building lots of the American-owned Panama Railway Co. in the two cities.

"3. Cancellation of a $2.700.000 debt to the Export-Import Bank to cover Panama's share in construction of the strategic Rio Hato Highway."

President Roosevelt recommended passage of the measure in August in order to "correct certain factors in the relations between the two countries which do not make for confidence and friendship." The President explained at that time that the Panamanian Government's attitude in the international crisis was "thoroughly cooperative" with the United States and that this Government should make certain concessions which have long been desired by Panama. This was noted in our issue of Aug. 27, page 717.

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